FINANCIAL TIMES

World Business Newspaper — MONDAY APRIL 3 1995 — D8523A

Driving change: Ford maps a new route in the fast lane, Page 12

Temple of law: Inside the European Court, Page 11

Media futures: Europe's digital TV revolution, Page 10

Japanese sects: The salary man's search for a soul, Page 17

Matsushita may sell part-stake in Hollywood venture

Japan's giant Matsushita group is considering selling part of MCA, the US entertainment business it acquired for $6.1bn five years ago. The move by the world's biggest consumer electronics company is the latest sign that Japan's electronics industry is rethinking its costly invasion of Hollywood. Matsushita confirmed that it had recruited US financial advisers to value MCA. Page 17

Pro-Ameritech phone ruling likely: The US Justice Department is expected to recommend letting Ameritech enter the long-distance telephone market, which would make it the first "Baby Bell" regional telephone company to offer long distance-services since AT&T's monopoly was ended in 1984. Page 4

Major leaves for US meeting with Clinton:

British prime minister John Major flew to Washington last night for his first meeting with Bill Clinton since the US president's controversial decision to meet Sinn Féin leader Gerry Adams. The two men will be trying to resolve their differences over the Northern Ireland peace process and US calls for more sanctions on Libya. Page 16; Lake steers clear of the S-word, Page 7 ; Editorial comment, Page 15

Climate conference deadlocked: Important issues still divide participants at the UN conference on climate change as it enters its final week in Berlin. Page 16; Letters, Page 14

Bomb factory blows up: At least six people in a Gaza apartment building were killed and 30 wounded when bombs being made by Islamic militants blew up, Palestinian police said. Two of the victims are thought to have belonged to the fundamentalist Hamas movement.

Bosnian 'safe area' shelled: Serb tanks shelled the UN "safe area" of Bihac town and rebel Moslems and Serbs attacked Velika Kladusa to the north. The ethnic war between mostly Moslem Bosnian government troops and separatist Bosnian Serbs began three years ago this week.

China set to curb foreign borrowing: Beijing plans to curb borrowing from international commercial banks to restrain the growth in foreign debt. Page 16; China eager to keep access to IDA soft loans, Page 6

Maurice Saatchi forms global links: UK advertising agent Maurice Saatchi has built himself a global network by signing a deal with Paris-based Publicis Communications, which already has US links. Page 17

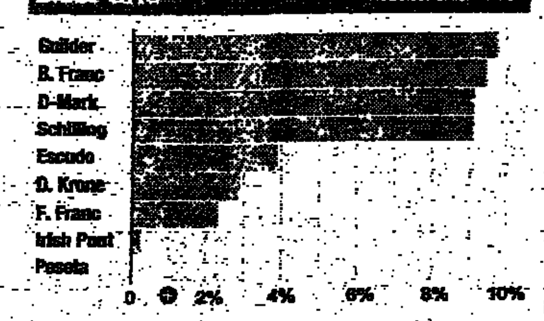
UK publisher may draw foreign buyer: Foreign publishers keen on expanding in the UK may soon be looking closely at Macmillan, the UK's biggest independent publisher, which is likely to be put up for sale. Page 17

Spain to sell more of Repsol: The Spanish government has agreed to sell a bigger slice of its stake in oil, chemicals and gas group Repsol. Because of strong investor demand, it will now sell 19 per cent instead of 15 per cent. Page 20

US broker poised to bid for share dealer: US discount broker Charles Schwab is expected to launch an agreed bid this week for Sharelink Investment Services, the UK execution-only, phone-based share dealing service. Page 17

European monetary system: The gap between strongest and weakest currencies in the EMS widened again last week after the Bundesbank cut the German discount rate to 4 per cent. Belgium, Austria and the Netherlands also cut rates. The peseta's survival within the ERM is still uncertain. Currencies, Page 27

EMS: Grid — March 31, 1995



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies can fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a narrow 2.25 per cent band.

Crash engines found: Investigators in Romania recovered the engines from the wreckage of a Tarom Romanian airlines Airbus 310 which crashed on Friday killing 60 people. The airline said one of the Pratt and Whitney PW4000 engines was particularly badly damaged. They were buried in the field where the airliner crashed.

Sect member had uranium paper: Japanese police investigating possible links between a secretive cult and a nerve gas attack on the Tokyo subway are reported to have found a document on uranium enrichment on one cult member.

Mafia calling-card: Sicily's Mafia a left a severed goat's head and a cross on the doorstep of senior anti-Mafia prosecutor Erminio Amelio.

EU and Canada agree outline of settlement in Newfoundland dispute

Deal close over fishing rights

By Caroline Southey in Brussels

The European Union and Canada have agreed the outlines of a settlement to end the dispute over fishing rights in contested grounds off Newfoundland, an EU official said yesterday.

Negotiators from the two sides continued talks last night in Brussels aimed at ending the deadlock over the allocation of a quota for Greenland halibut, also known as turbot, and tighter monitoring of trawlers fishing in the Grand Banks outside Canada's 200 nautical mile jurisdiction.

"We have reached agreement in principle on the main issues. The devil is in the detail and that is what they [the negotiators] are working on," an EU official said.

The Commission "could see light at the end of the tunnel but we are still not there".

In Ottawa, Mr Brian Tobin, Canada's fisheries minister, told Canadian Broadcasting Corporation radio that the talks were making "very good" progress. "I can't say whether or not we will conclude these talks this weekend but it is possible," he said.

Mr Tobin added that "the provocation and presence" of Spanish trawlers in the disputed fishing grounds was not helpful but that Canada's "priority was to get an effective enforcement conservation regime in place".

Mr Jacques Santer, president of the European Commission, is today expected to meet Mrs Emma Bonino, EU commissioner for fisheries, and Sir Leon Brittan, the Commission's chief trade negotiator, to review progress in the negotiations.

Divided nation finds common enemy ....Page 2

After talks on Saturday, officials appeared to have made progress on agreeing a formula for the allocation of a 27,000 tonne quota set by the North-west Atlantic Fisheries Organisation (Nafo) for 1995.

Under the deal, the EU and Canada would each be allowed 40 per cent of next year's quota, which still has to be set. However, agreement on the precise share-out for this year had not yet been agreed, the EU official said.

Spain had expressed fears that Commission negotiators would agree to the EU accepting a third of the quota this year. "I do not think it will be that low," an EU official said.

A share-out of the 27,000 tonnes quota set by Nafo has been at the centre of the dispute. Although Brussels accepted the overall quota limit, it rejected a Nafo decision to allocate 12.3 per cent to the EU and 75 per cent to Canada.

The EU accounted for 75 per cent of the 60,000 tonnes caught last year when no quota applied.

Negotiators in Brussels also appeared to have reached broad agreement on a monitoring system which would entail using observers on boats in the short-term and a greater reliance on satellite tracking in the longer term. Details on the phasing out of observers still had to be settled, the EU official said.

Canada also appeared to have agreed to review legislation passed in early March under which Canadian officials have justified taking action against trawlers operating in international waters.

The EU argued that Canadian action against trawlers outside the 200 nautical mile zone was illegal.

Canadian authorities have captured one Spanish trawler and cut the nets of another during the dispute.

Airbus doubts market for 600-seat airliner

By Michael Skapinker, Aerospace Correspondent, in London

The prospect of airline passengers crossing the world in double-decker jets carrying more than 600 people has been dealt a blow by Mr Jean Pierson, managing director of Airbus Industrie.

Mr Pierson said in an interview with the Financial Times that he did not think there was a large enough market to support an aircraft that size.

A joint study between the European manufacturing consortium and Boeing, its US rival, is due to report in June on whether a "super-jumbo" jet is feasible.

Sir Colin Marshall, chairman of British Airways, said last week his company would be interested in buying such an aircraft. BA believes that a jet carrying more than 600 passengers would help to ease congestion at London's Heathrow airport, where the government has ruled out building a third runway.

However, Mr Pierson said BA and Singapore Airlines were the only carriers that had expressed enthusiasm for an aircraft that size. Singapore Airlines did not seem as interested as BA, he said. One or two airlines would not be sufficient to sustain a market for an aircraft this large, with its massive development costs.

No US carrier had shown more than "polite interest" in a larger aircraft, he said. US airlines appeared intent on offering a greater number of flights using smaller aircraft. Mr Pierson said he believed the aircraft industry had moved "from big is beautiful to smaller is better".

Mr Pierson's scepticism comes in spite of an Airbus study last month saying airlines would buy 560 aircraft with more than 600 seats over the next 20 years. Mr Pierson said that market could be satisfied with existing aircraft, such as the 400-seat Boeing 747 or the 350-seat Airbus A340, or enlarged versions of them.

Mr Pierson said that, even if Airbus and Boeing decided there was a market for a larger aircraft, he did not know if the two

Continued on Page 16
Athens airport storm, Page 2

Crédit Lyonnais provisions of $3.6bn forecast

By Andrew Jack in Paris

Crédit Lyonnais, the loss-making bank controlled by the French state, is expected to announce higher than expected provisions of about FFr18bn ($3.64bn) for 1994 when it publishes its full year results on Wednesday.

The bank is also expected to announce exceptional charges of FFr3.8bn in write-offs against goodwill from European acquisitions made in recent years.

The bank will report a FFr12bn loss for 1994, almost twice the level that had been expected until the last few weeks.

The new losses come on top of a 1994 first half loss of FFr4.5bn, and FFr10bn in provisions, and a 1993 loss of FFr6.9bn and provisions of FFr17bn.

The goodwill write-offs will reflect Crédit Lyonnais's purchases of banks across Europe while it was attempting to expand its retail network outside France.

A high proportion will come from its loss-making operations in Spain and Portugal, which will be subject to intense restructuring over the next few months.

The additional provisions against doubtful loans had to be made since December after the bank's auditors began to examine the coverage made against its doubtful property and other loans.

The figures will revive controversy as Crédit Lyonnais and the French government try to ensure that a restructuring package announced last month to save the bank goes through as planned.

About FFr135bn in assets of Crédit Lyonnais have been removed from its balance sheet under the plan and will be sold off over a number of years, in an operation expected to generate an eventual capital loss of up to FFr50bn.

The package has been underwritten by the French state, in a way that has caused considerable criticism from politicians and leading private sector banking rivals.

Société Générale and Banque Nationale de Paris have both suggested that the plan should be modified in order to reduce the potential cost to the French taxpayer.

They also criticised the fact that CDR, the vehicle into which the bank's assets are placed before sale under the plan, will be managed by Crédit Lyonnais, and that therefore the sale will not be independent.

However, it has also emerged that Crédit Lyonnais will receive a commission from its management of CDR on any sales of the

Continued on Page 16

Balladur narrows the gap in presidential race

French prime minister and presidential candidate Edouard Balladur (right) arrives at the northwestern French town of Mont-Saint-Michel with its mayor Eric Vannier during a campaign tour. A new poll showed that support for Jacques Chirac had slipped to 24.5 per cent, with Lionel Jospin, the Socialist, remaining on 22 per cent and Mr Balladur gaining a point and a half to reach 20.5 Report, Page 2 Picture, EPA

Central banks keep anxious watch on course of dollar

By Robert Chote, Economics Correspondent, in London

Central banks will be watching anxiously to see if the dollar plumbs new depths on the foreign exchanges this week, after the support provided by Thursday's cut in German interest rates evaporated within 24 hours.

The danger that the pound will be dragged down in the dollar's wake is likely to dominate Wednesday's meeting between Britain's chancellor of the exchequer and the governor of the Bank of England to discuss British interest rates.

Most analysts expect UK base rates to remain unchanged for now, as the Treasury and the Bank are not yet sure that the fall in the pound since February's rate rise will endure. But some believe that the authorities may try to emulate the Bundesbank by surprising the markets.

The US currency fell to a new post-war low against the Japanese yen on Friday, ending the week's trading in New York at Y86.60. Against the D-Mark it closed at DM1.3740, having reversed the short-lived rally triggered by the German rate cut.

Most analysts expect the dollar's plight to get worse before it gets better. A report from James Capel says today that the dollar is in long-term decline, heading below Y70 and DM1.15. This is blamed on a combination of excessive government borrowing and inadequate personal saving in the US. Dr Paul Chertkow, currency analyst at UBS, also argues: "In the absence of a cut in the Bank of Japan's official discount rate, there is a risk of successive new lows for the dollar against the yen."

Mr Keith Skeoch, James Capel's chief economist, said that with the dollar likely to be weak in the medium term, sterling would be caught in the backwash. "This means the authorities should be running a tough monetary policy in the medium term." He said central banks would be worried that 1996 would see political uncertainty undermining sterling and the dollar.

Prospects for the dollar and the pound also depend on whether the markets are acting in anticipation of the next move in German rates being upward, or whether there will be further fallout when the Bundesbank actually starts raising rates.

Lex, Page 16
Currencies, Page 27

CONTENTS

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR12.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft165	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira90	Slovak Rp	SK51.60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	CZK55	Israel	Shk7.90	Oman	OR1.30	Spain	Pta225
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Switz	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00
Finland	Fm16	Kuwait	Fils625	Portugal (mainland) Esc230		Tunisia	Din1.500
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000
Germany	DM3.60	Lux	LFr70			UAE	Dh12.00

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Athens airport storm clouds EU's mega-projects

By Emma Tucker and Lionel Barber in Brussels and Kerin Hope in Athens

The European Commission's decision last week to allow the contract to build a new airport near Athens to go ahead has raised questions about the future of EU policy on public procurement.

The decision to allow the Greek government to award the Ecu2bn (£1.64bn) deal to Hochtief of Germany against a rival French bid courts controversy at a sensitive time. Over the next few years, some of Europe's biggest ever infrastructure projects – known as the Trans-European Networks – will be put out to public tender, a process that will be overseen for fairness by the Commission.

But as the Spata project at Athens showed, where lucrative contracts and powerful industrial lobbyists are involved, straightforward commercial decisions can be muddied by the close interest of politicians. With the liberalisation of the EU's public procurement market, this political interest is increasingly happening at a European level.

In the case of Spata, political lobbying by the French turned the affair into a duel between the EU's most powerful members, France and Germany. It was a fracas in which Mr Jacques Santer, the Commission president, was determined to remain neutral.

The main problem with the Spata tender was that the Socialist government in Greece insisted on changing contract terms agreed in 1993 by its conservative predecessor. This led to questions in the Commission over whether the Greek government had violated the Rome Treaty's rules on fairness and lack of discrimination.

Greece already had a poor record on public procurement, with a series of large projects being postponed as successive governments have frozen or tried to renegotiate contracts awarded by their predecessor on grounds of political favouritism. When it became clear that the government intended to award the contract to Hochtief, French lobbyists pulled out every stop to block the German-led consortium.

On several occasions, Dumez GTM, the French construction company leading the rival consortium, called on the services of Mr Roland Dumas, former French foreign minister, to sway the Commission. Dumez is also understood to have pressed officials close to Mr Jacques Delors, the former Commission president, to re-examine the case after the company lost the original bid to Hochtief in 1993.

The Franco-German rivalry escalated with a letter to Mr Santer from Mr Klaus Kinkel, German foreign minister, putting the new president in the unenviable position of having to choose between Bonn and Paris. In the event, says a senior Commission official, "there was no way Mr Santer was, or is, going to be forced to choose between a French and German company".

Meanwhile, officials in the Commission's single market directorate wanted to show their muscle in public procurement, an area where internal barriers have been notoriously slow to drop. They prepared arguments in favour of opening infringement proceedings against Greece.

However, their zeal for action was damped by the fact that Greece is not bound by the internal market rules on public procurement until 1998. That meant there was apparently no sound legal basis for opening an investigation under the Rome Treaty. Article 59, which abolishes restrictions on the freedom of people or companies in one member state to set up services in another, did not apply.

Article 169, deployed when Brussels believes a member state has "failed to fulfil an obligation" under the treaty, would have set a big precedent. There was also a feeling among certain parts of the Commission that Greece was too easy a target for complaint, given its poor record in other public procurement cases.

In addition, Dumez' behaviour was highly predictable. "These days whoever loses a public tender automatically asks the Commission to investigate the bidding procedure; it costs a lot less than going to court," said a Brussels official.

Nonetheless, Commission attempts to suggest that the decision not to investigate Spata was purely legal ring hollow. Political considerations also influenced the decision:

- First, the affair had taken on a highly political nature in Greece; failure to give the airport the go-ahead would have caused extremely bad feeling.
- Second, Spata is one of the Commission's priority Trans-European Networks. Massive delays and arguments would have augured badly for the others and might have deterred private financiers interested in future investment.
- Third, agreement to press ahead has allowed the Commission to release large credits from its structural funds for the project, which will help certain aspects of the Greek economy.
- Fourth, a decision to hold up the project would have aroused the wrath of Germany. Before Mr Kinkel sent his letter to Mr Santer, Bonn had commissioned its own study to satisfy itself that Hochtief was indeed the rightful winner.

Greek officials say the single market rules on public procurement – due to come into force in Greece in something over two years' time – should help speed up Greece's administrative procedures and bring more transparency in awarding contracts.

But the irony remains that by liberalising the public procurement market, the Commission may have opened the door to political wranglings at a European level.

As one senior Greek official said: "It would be much easier for everyone in future if the Commission just told us which country's contractors should get the job, and we could act accordingly."

Premier on attack as poll shows Chirac lead slipping

Balladur narrows the gap

By David Buchan in Paris

France's prime minister, Mr Edouard Balladur, yesterday sought to press home his attack on "demagogic" promises and threats made by Mr Jacques Chirac, whose lead in the presidential race has shortened, according to a new poll.

The Ifop survey, published in yesterday's Journal du Dimanche, showed Mr Chirac's support had slipped from 28 per cent three weeks ago to 24.5 per cent, with Mr Lionel Jospin, the Socialist, remaining at 22 per cent and Mr Balladur gaining a point and a half to reach 20.5.

All three main candidates are therefore almost within the usual 2-3 point margin of error in such polls, with just three weeks before the first round vote on April 23. This will winnow out all but the top two who will go on to the decisive May 7 run-off.

In previous presidential elections, Mr François Mitterrand and others managed to exploit the image of Mr Chirac's RPR party as a machine greedy for political spoils. Mr Balladur – an RPR member but whose main party support comes from the centre-right UDF – said yesterday he had heard that RPR party bosses were already circulating lists of possible ministers in a new government, and were threatening to cast pro-Balladur Gaullists into "purgatory" during a Chirac presidency.

In a television interview, he also complained that the Chirac camp was trying to intimidate his own supporters by saying that, if Mr Chirac won after a second round battle with the prime minister, fresh national assembly elections might have to be called.

After winning no fewer than 480 of the Assembly's 577 seats two years ago, most French conservatives (in either the RPR Gaullist or the centre-right UDF federation) do not want new elections, because they do not see how they could possibly win more seats than in 1993.

But Mr François Léotard, the UDF defence minister and prominent Balladur supporter, has said he would not serve in any government Mr Chirac might form, to which he would give "support without participation". A bitter Chirac-Balladur duel right up to the end might destroy all cohesion within the present conservative majority, leaving the new president no option but to call a snap election to try to create a loyal majority.

Also yesterday, in an interview with the Journal du Dimanche, Mr Jospin said he saw no reason why, if he was elected president, Communist ministers should not serve in government, as they had done in President Mitterrand's first Socialist government in 1981 – particularly "now that the Soviet Union had disappeared".

He said he was not proposing any deal to the Communists, whose leader, Mr Robert Hue, is himself running for president. But Mr Jospin's words yesterday might win him some of the 8 per cent who are ready, according to yesterday's poll, to vote for Mr Hue.

Crowds mob Jacques Chirac in eastern France, but one opinion poll shows some support falling away AP

Turks open diplomatic offensive in the west

Ankara's new foreign minister makes a tough international debut today, write John Barham and Judy Dempsey

Inönü: damage repair

Mr Erdal Inönü, Turkey's new foreign minister, will make his international debut on Monday in Bonn by trying to repair some of the damage made to Ankara's international image by the army's two-week incursion into northern Iraq.

He will spend two days in Germany before flying to Washington to see Mr Warren Christopher, secretary of state. He will end his diplomatic offensive next weekend in France, which holds the rotating European Union presidency, for meetings with Mr Alain Juppé, foreign minister.

Meanwhile, Mr Hikmet Çetin, deputy premier, has requested a meeting with Mr Douglas Hurd, the UK foreign secretary.

The meetings were scheduled in a hurry as it became clear to Turkish officials that international opinion, particularly in Germany, was growing increasingly hostile to the army's operation.

Mr Inönü is expected to emphasise that the army sweep is a legitimate hot pursuit operation, with the short-term aim of eliminating bases of the separatist Kurdistan Workers party (PKK). It has no intention of maintaining a permanent presence in Iraq. He will say that the army has made every effort not to harm local civilians, and may also seek international support for a new political structure in northern Iraq.

However, the army's refusal to give a firm timetable for withdrawal and reports of civilian casualties are likely to hamper Mr Inönü's efforts. Mr Çetin said at the weekend: "We do not intend to remain in northern Iraq. When the army comes back, though, is up to when it meets its objectives."

Government officials could not confirm reports that troop withdrawals could begin ahead of a planned trip by Mrs Tansu Çiller, the prime minister, to meet President Bill Clinton in Washington in mid-April.

In Germany, Mr Inönü will meet Mr Klaus Kinkel, his German counterpart, for what are likely to be his toughest talks. Bonn, Turkey's strongest ally in Europe, has been outspoken in its criticism and has already blocked aid.

But German government officials said at the weekend that Bonn does not want to isolate Turkey. Instead, it is pursuing a two-track strategy.

It wants to encourage Ankara to start finding a political solution to the Kurdish problem. At the same time, it wants to exert pressure on Ankara through, for example, cutting back on military support and warning that a customs union with the EU could be put on ice for the foreseeable future.

"We are reaching a situation when it will be very difficult to help Turkey with ratification," said Mr Kinkel following talks in Bonn last Friday with Mr Hurd.

According to German government officials, a political solution could involve Ankara providing cultural autonomy for the Kurds living in the south of the country. This could include separate languages for radio and television and for schools.

German officials fear that the longer Turkish troops remain in northern Iraq, without making any such overtures, the more likely sections of the moderate-minded Kurdish community within Turkey could become radicalised. This in turn could have the effect of increasing tension between Turks and Kurds in Germany, where, over the past two weeks, night after night, Turkish owned businesses have been fire-bombed, allegedly by Kurd militants.

Bonn said it recognises that the Turkish government itself is walking a tightrope. "Perhaps Mrs Çiller wants to prove to the military that she is tough. But the worst thing would be for the military to gain greater power after this attack, and if the west isolated Turkey," an official said.

Mr Inönü's reception in other western countries is likely to be less hostile. A French diplomat said Mr Juppé will tell Mr Inönü that France recognises Turkey's right to control terrorism, but will stress that the Iraq operation be quick and must not harm civilians.

For the US, Mr Richard Holbrooke, assistant secretary of state, said the operation in Iraq was "legitimate". He added: "We believe firmly the PKK is a terrorist organisation and we have supported Turkish efforts, while not always agreeing with each method, to deal with the problem."

Diplomats in Ankara said over the weekend they believed Mr Inönü might seek international support for a new political structure for northern Iraq. The US-led coalition forced President Saddam Hussein of Iraq to withdraw from this mainly Kurdish region at the end of the Gulf War in 1991, granting the enclave effective autonomy. Turkey argues that an "authority vacuum" has allowed the PKK to set up bases there.

Although Turkish officials were not available for comment yesterday, Ankara could offer the Kurds assistance, while demanding an end to infighting between rival factions and requiring them to patrol the enclave to prevent its use as a PKK base.

However understanding most of Mr Inönü's hosts may sound, international concern is growing over Turkey's human rights record and its handling of its Kurdish minority, which accounts for about a third of the country's 60m population.

In private, western diplomats say Turkey's pursuit of a military solution to a political problem cannot succeed. Yet Ankara's fear that granting the Kurds cultural rights will lead to secession from Turkey overrides all other arguments.

UN angles for a deal with fishing countries

Deborah Hargreaves on prospects for current talks

If fisheries officials currently meeting in New York had any doubts about the political impact of over-exploited global fish stocks, the row between Canada and Spain has reminded them that over-fishing cannot be ignored.

The three-week conference in New York is a last ditch attempt by the United Nations to persuade fishing countries to agree a broad programme for managing threatened stocks on the high seas.

Mr Satya Nandan, Fiji's UN ambassador who chairs the conference, has called on the 150 nations attending to address urgently the problem of over-fishing. "Unless measures are taken to permit fish stocks to rebuild, to reduce fishing effort, to eliminate subsidies to fishing fleets and to rationalise fleet capacity, it would be impossible to maintain global marine fisheries at a sustainable level," he said.

The Food and Agriculture Organisation of the UN believes the world is reaching the limits of production from wild marine sources. A recent report points out that 70 per cent of stocks are either over-exploited or close to it.

The focus in New York is on managing so-called straddling stocks and highly migratory species which travel across boundaries. These make up only 10 per cent of the world's catch, but are being increasingly exploited as stocks are exhausted closer to home.

New UN rules on the Law of the Sea, which came into force in 1982, establishing 200-mile exclusive economic zones in coastal waters, were meant to *give states an incentive to conserve* stocks close to their shores. Instead, they have pushed much fishing effort on to the high seas which are harder to police and where stocks are highly mobile.

The treaty under discussion in New York would push out international law into waters where there is currently a free-for-all. The UN is pressing for agreement to be binding on signatories. "If we don't agree a binding treaty, there will continue to be weak management of stocks and that is what the Canadian dispute is *all about," one delegate said.*

Agreement would not eliminate disputes like that between Canada and Spain, but it would make them easier to solve by forcing countries to agree on catch quotas. Regional fisheries regulatory bodies, such as the Northwest Atlantic Fisheries Organisation which is brokering the Canada-Spain row, will be able to draw up binding quotas for fish catches. Currently, these quotas are optional and can be disputed by member countries.

The draft treaty under discussion in New York establishes several important principles. It addresses the controversial issue of monitoring and surveillance on the high seas where vessels are often far from home. Countries are currently debating whether any signatory to the treaty could arrest a vessel suspected of breaching conservation limits or whether it would first have to contact the nation in which the vessel is registered.

Enforcement issues such as these are crucial to making the treaty work. Agreement would be accompanied by measures *to enable individual ports to* deny access to a ship undermining local conservation efforts and a strong responsibility on flag states to police their own fleets.

Overall, the treaty adopts the precautionary approach to conservation, stating that countries cannot use lack of scientific evidence on stocks as an excuse for overfishing.

In fact, most nations now agree that international fish stocks are in dire straits. In the next two weeks they need to muster the political will to do something about it if fish is not to become a diminishing and expensive luxury for future generations.

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INTERNATIONAL PRESS REVIEW

Media join forces to repel boarders

SPAIN

By David White

Four hundred years on, the word "Spanish" somehow remains irremediably linked for the English with the word "armada". The Spanish have a similar word-association when referring to the Devonian hero of that event, who is always "the pirate Francis Drake".

When Canada, with British support, clashes with Spain over fisheries, the word "piracy" trips easily off the Spanish tongue and into newspaper columns and editorials.

As usual in affairs of national honour, the press has been unanimous in condemning Ottawa's self-appointed role as high-seas gendarme. Newspapers of all persuasions have argued that, when it comes to proven illegality, Canada and not Spain is the wrongdoer in this case. The conservative *ABC* even compared it with "Mussolini in Abyssinia".

The leading Madrid daily, *El Pais*, said Canada's international prestige had been "badly cracked". The rival *El Mundo* called the capture of a Spanish trawler "intolerable" and "an act of violence and plunder", although it said Spain and the European Union did not have all the arguments on their side.

The rest of the opposition press joined it in assailing the Madrid government for impotence. A front-page ABC headline had "Spain in Canada's nets". In an earlier editorial the paper said: "The European Union has left Felipe González, in this Canadian business, at the same level as the [devalued] peseta". It returned to the attack saying Mr González had succeeded in "neither gunboats nor diplomacy".

By reopening negotiations with Canada the EU had dealt "a humiliation without precedent in our brief history as an EU member nation", it said.

Diario 16 said imposing visas on Canadians was "ridiculous". It added: "Spain has made very little progress on gaining backing within the EU to win the war that Canada began." Spaniards could "only observe how a two-speed EU is increasingly become reality, and resign ourselves to being second-speed Europeans."

Possibly the most troubling message is how much the fishery saga has soured Spanish feelings about the EU. Said El Pais: "Canada, the aggressor, will be the one that gains most from the adventure. At the same time, the attitude of the UK, aligning itself with Canada for motives not of justice but of historical or other affinities, has left its Iberian partners in a position of inferiority."

In Vigo, where the big trawlers come from, the Galician-language weekly *A Nossa Terra* put it more succinctly: *"The EU prefers Canada."*

Divided nation finds common enemy

CANADA

By Bernard Simon

Mr Brian Tobin, Canada's fisheries minister, has reeled in a huge political catch from his tough action against Spanish trawlers in the north-west Atlantic.

Ottawa's seizure of the Estai in international waters on March 9 and the cutting of another vessel's nets three weeks later have unleashed a burst of national pride seldom seen in Canada.

The moves against the Spaniards have – if only briefly – shown hard-pressed Newfoundlanders that they are not altogether helpless in the face of dwindling fish stocks in the north-west Atlantic; they have given French and English-speaking Canadians a common enemy; and have turned Mr Tobin into a national hero.

The media has almost unanimously backed the government, forgiving earlier mismanagement which contributed to the depletion of the fishing grounds.

An editorial in Quebec City's *Le Soleil*, which circulates among fishing communities along the St Lawrence River, thundered: "The Spanish pirates who have scoured the Grand Banks of Newfoundland will soon meet their Trafalgar. Canada, throwing overboard its tradition of good neighbourliness, has finally blown the whistle."

The St John's, Newfoundland, *Evening Telegram* (which in keeping with Newfoundland's quirkiness, is a morning paper), added: "Canada could observe international niceties and negotiate better laws for coastal states to manage straddling stocks. But by the time that happened the stocks would be all gone."

The Toronto *Sun* matched *its words with deeds. Ever* eager to be on the side of the "little man", the newspaper last week dispatched a reporter to fishing communities in Cornwall, not only *to gather a story but also to* hand out 300 red-and-white maple leaf flags to sympathetic British fishermen.

Evening Telegram, St John's, Newfoundland

One of the few voices of scepticism has been the *Globe and Mail*, the country's most influential paper.

In an editorial larded with sarcasm, the Globe observed that the principle being upheld by Canada was "the ancient freedom of the seas, the freedom for any fish, no matter its colour, creed or species, to roam wherever it might, inside our territorial limits or beyond, until it is caught by a Canadian fisherman."

Let there be no misunderstanding, the Globe warned a few days later: "This adventurism cannot continue. Negotiation, leading to a new maritime convention on enforcing quotas, is the only solution."

The Globe's stand has generated a fair amount of controversy. But one letter writer this week pleaded: "Please, I've had enough front-page coverage of the fisheries minister. What is this, The Tobin Mail?"

صكذا من الأصل

INTERNATIONAL NEWS DIGEST

Exxon may take Azeri oil stake

Azerbaijan is set to offer Exxon, the US oil company, a 5 per cent stake in an international consortium to explore its Caspian Sea oil fields, western industry sources confirmed yesterday. The prospect will boost the consortium, which has been held up by political turmoil and the Azeri government's inability to finance its stake.

The government has been looking for an investor interested in taking at least part of the state's 20 per cent stake. It is believed to have offered the Turkish Petroleum Corporation, which has a 1.75 per cent stake, an additional 5 per cent but the deal has not yet been concluded. "Any development which allows Azerbaijan to fund its share is a positive development for the consortium," a western oil source said yesterday. He said there appeared no reason for the consortium to reject Exxon's participation.

Since an attempted coup was crushed on March 17 President Haydar Aliyev has restored authority by arresting as many as 400 opponents. Members of the Opon, the elite police force which launched the revolt, have been one target of the crackdown but activists from the People's Front, the main political opposition group, have also been arrested and opposition newspapers censored. *Chrystia Freeland, Moscow*

Split remains on Mideast bank

European and Middle Eastern states failed to overcome divisions yesterday over creation of a Middle East Development Bank aimed at cementing regional peace and funding large infrastructure projects. Israeli officials attending a task force meeting in Amman on creating a regional bank said France, Germany and Britain had voiced opposition to the project which was endorsed by last year's Middle East Economic Summit at Casablanca.

The officials said in a paper presented on behalf of the European Union, but drawn up by the French finance ministry, that the EU had proposed creation of a financial intermediation organisation as an alternative to a regional development bank. Saudi Arabia also renewed its opposition, saying existing regional financial institutions such as the Arab fund for economic development were capable of meeting needs. However, Italy, Greece, the Netherlands, the US and Japan have strongly backed the bank. *Julian Ozanne, Amman*

China focuses on steel exports

China plans a big increase in exports of rolled steel this year to reduce its stockpile which stood at 30m tonnes at the beginning of the year. The Ministry of Metallurgical Industry has set as a target 5m tonnes of exports in 1994 compared with 3.71m tonnes last year. This would represent an increase of about 35 per cent. A ministry official was quoted by the official China Daily as saying exports of 5m tonnes would earn the industry about $1.2bn. Steelmakers have suffered a marked slowdown in domestic demand through a credit squeeze instituted in 1993 in an attempt to cool an overheating economy. Exports of rolled steel amounted last year to 4.6 per cent of production which is low by international standards.

● Osram, the German lighting manufacturer, has established a $65m (£40.6m) joint venture in China's southern Guangdong province to serve the domestic and international market. Partners include Osram with 55 per cent, the local Foshan Lighting with 35 per cent and Hong Kong interests. *Tony Walker, Beijing*

Delay likely to baseball season

The 28 baseball team owners in the US dismissed the replacements they had hired to stand in for their striking players and were expected, at a meeting in Chicago yesterday, to postpone the start of the season until April 26. This followed Friday's court decision ordering them to reinstate the terms of an expired collective bargaining agreement. The three-week delay gives players a chance to resume training.

The strike began more than seven months ago, killing half of last season and forcing the cancellation of the World Series national championship for the first time. Although Judge Sonia Sotomayor's ruling in theory left owners the option of locking out their players and continuing with stand-ins, it was thought unlikely that the necessary three-quarters of teams would vote for a lock-out. *George Graham, Washington*

New leader for Polish party

The Freedom Union (UW), Poland's leading opposition party, has elected Mr Leszek Balcerowicz (left), the former finance minister responsible for the successful introduction of free market reforms in 1990, as its new leader at a congress over the weekend. The vote marks the end of the political career of Mr Tadeusz Mazowiecki, a former prime minister who has led the UW since it was founded in 1991 and in whose government Mr Balcerowicz served. Mr Balcerowicz left government at the end of 1991 to return to academia and the decision to stand for leadership of the UW marks his first foray into party politics.

The UW voted to back Mr Jacek Kuron, a former labour minister under Mr Mazowiecki, as its candidate against President Lech Walesa in presidential elections due in the late autumn. The choices by the UW mark an effort to recreate the successful alliance of Poland's early economic reforms when Mr Balcerowicz implemented shock therapy and Mr Kuron sought to ameliorate the effects at the labour ministry. *Christopher Bobinski, Warsaw*

Austrian newcomer appointed

Austrian Chancellor Franz Vranitzky has appointed Mr Andreas Staribacher, a 38-year-old partner of an accounting firm, as finance minister. Mr Staribacher, son of a former trade union leader and trade minister, will succeed Mr Ferdinand Lacina, who resigned last week. His appointment came as a surprise, as he is a newcomer to politics. His firm has done accounting work for the governing Social Democratic party, of which Mr Staribacher is also a member. Mr Lacina was driven out of office by a dispute with the trade unions which opposed his latest austerity budget.

Mr Vranitzky presented the appointment of Mr Staribacher and three other ministers as a generational change after four senior Social Democratic ministers quit last week. The new interior minister is Mr Caspar Einem and Mr Franz Hums becomes social affairs minister. The Women's Affairs Ministry will be led by Ms Helga Konrad. *Eric Frey, Vienna*

Building machinery perks up

Sales of construction equipment in western Europe rose 14 per cent last year to 100,662 units, ending four consecutive years of decline, according to a report by the London-based Off-Highway Research consultancy. But it warned that much of the demand predicted for this year had probably been pulled forward into 1994. As a result it is predicting a 1 per cent fall in demand in western Europe for 1995.

Last year was the best for construction equipment producers since 1989, when they sold a record 107,000 machines in western Europe. By 1993, sales had fallen to 88,119 units, says the consultancy. This year the German and UK markets, which together accounted for 58 per cent of European demand in 1994, are both expected to fall by 7 per cent, but Off-Highway says this is more a "cooling off" of overheated markets rather than a dangerous downturn. The report comes as equipment producers gather for Bauma, the world's biggest construction equipment show, which opens in Munich today and runs until Sunday. *Andrew Baxter, London*

Hot on the trail of the EU fraudsters

Anita Gradin tells Peter Marsh of a campaign against cheats

EUROPEAN INTERVIEW

Big Sister is watching you: this is the message Mrs Anita Gradin wants to convey to anyone thinking of defrauding the European Union's Ecu81bn (£66bn) annual budget.

The new EU commissioner responsible for the fight against fraud is today talking to Dutch justice and finance ministers in The Hague and on Friday she is seeing their Greek counterparts in Athens. Last week she was in London and Stockholm.

On all these visits – which follow trips in recent weeks to Bonn, Paris, Madrid, Vienna and Luxembourg – Mrs Gradin is signalling to ministers in EU governments her determination to crack down on fraud and other financial irregularities which are thought to drain between 2 per cent and 10 per cent of total EU spending.

Mrs Gradin, a tough-talking 61-year-old, spent nine years as a Social Democrat minister in the Swedish government and in January became one of the new crop of commissioners taking office with Mr Jacques Santer, the new EU president.

Her whirlwind tour of Europe – she wants to visit all EU member capitals in her first few months of office – is part of her bid to raise the temperature of the anti-fraud effort. "It is about gaining voters' confidence," she said. "You have to demonstrate you are spending their money carefully." Last week in Brussels she presented a report saying detected EU fraud doubled last year to more than Ecu1bn. She put a positive gloss on this, however, saying the higher figure reflected stronger action to root out abuse.

A vital aspect to her task, she said, was for the European Commission to build up a greater presence in the EU's 15 member states – which is where 80 per cent of the Union's budget is spent and most fraud occurs. Examples range from bogus companies taking advantage of EU training grants to traders falsifying customs documents to qualify for farm subsidies on non-existent products.

Asked if increased Commission surveillance might offend some governments and their citizens, Mrs Gradin said: "Everyone is aware that you have to do this kind of work. I think the governments are fairly positive [about the Commission's anti-fraud plans]." Warming to her theme, she said she would not object to being called "Big Sister". She said: "I want to say to fraudsters that we will be watching you. You won't get away."

Gradin: inquiring mind acquired as a journalist *Tony Andrews*

Although in her previous jobs Mrs Gradin has not had direct experience of fighting crime, she thinks she has some useful characteristics to bring to her EU post – which includes responsibility over legal affairs and immigration.

One is an inquiring mind born of her early career as a journalist on the Vasterbottens Folkblad, a newspaper in Umea, northern Sweden. Her spell in journalism lasted 10 years, a background she considers valuable because it "taught me how to find things out and handle paperwork".

Moving into politics, Mrs Gradin spent five years as Sweden's minister for foreign trade. Between 1991 and 1994 she was ambassador to Austria.

She reckons she has the ability to master complex organisational structures, as in the Commission where for much of the time she delegates responsibility for fighting fraud to Mr Per Brix Knudsen, a former Danish customs official who is head of the EU's 100-strong Uclaf anti-fraud squad. She said Mr Knudsen had been "very clever" over the past two years in building up a solid team composed partly of ex-police officers who have experience of working across Europe.

Mrs Gradin is also co-operating with a third Scandinavian – Mr Erkki Liikanen, the EU's Finnish budget commissioner – with whom she has been talking about how to impose more of a "value for money" culture on Brussels to close some of the loopholes enabling fraud and other financial irregularities to flourish.

In spite of her bullish approach, Mrs Gradin does not underestimate the difficulties. Part of the problem is the highly organised, international nature of some of the criminal gangs capitalising on loose EU rules for financial gain. "Increasingly we are seeing [EU] fraud spanning borders. It's not just individuals."

Another problem is forcing the different judicial agencies in EU member states to co-operate more. It can sometimes take weeks, if not months, for individual agencies to pass on details relating to suspected fraudsters. The delays can hamper the fight to build up evidence to be used in a court.

Mrs Gradin's immersion into the Brussels bureaucracy has been accompanied by personal hiccups. During hearings at the European parliament in Strasbourg in January, she was given a poor reception by some MEPs. Along with four other new commissioners, she was later criticised for giving vague answers and not being in full command of her subject.

However, one European government official who has been impressed by Mrs Gradin said: "She got a rough ride from some MEPs because she didn't bow and scrape in the way they expected. A lack of deference seems to me the approach you would want from someone doing her job."

But, perhaps mindful of the risk of antagonising specific groups of people, Mrs Gradin ducked the question of whether fraud and financial waste were more prevalent in certain EU states. Insisting she was not "hanging out" for any particular nations, she chose to portray fraud as a general indication of human fallibility. "Did you never cheat on your parents?" she asked. "In some areas [of EU activities] fraud is part of life. My goal is to change this."

Ameritech applies to offer long-distance services

'Baby Bell' ambition may win backing

By George Graham in Washington

The US Justice Department is expected today to recommend allowing one of the "Baby Bell" regional telephone companies into the long-distance telephone market for the first time since Judge Harold Greene broke up the AT&T monopoly in 1984.

Antitrust officials from the Justice Department are expected to back Ameritech, the Bell company which serves the Midwest region, when it asks Judge Greene to let it offer long-distance services in Chicago and some other markets where it has opened up to local competition in the telephone market.

Judge Greene still oversees the application of his "Modified Final Judgment", which broke up the old AT&T into seven Baby Bells, restricted to providing local telephone service, and a new AT&T, limited to long-distance.

The limits imposed on the Baby Bells have been steadily modified by a series of court decisions allowing them into areas such as cable television, and the Senate is pressing ahead with telecommunications legislation that would supersede the 1984 Greene judgment and allow local, long-distance, cable and utility companies into one another's markets.

But Judge Greene has generally been reluctant to relax the restrictions he imposed on the Bells.

The agreement negotiated between Ameritech and the Justice Department would require the Baby Bell to meet a set of criteria designed to prove that it would not use its dominance of the local telephone market to beat down its competitors.

If Congress passes a telecommunications law the agreement would become irrelevant, as the Bells would then be allowed to offer long-distance services if they meet a much less restrictive set of competition criteria.

But if such legislation fails, as it did in the last session of Congress, Ameritech could have stolen a march on its rivals.

ANC turns down plea to guarantee coalition rule

By Michael Holman and Roger Matthews in Johannesburg

The African National Congress yesterday refused to entrench the principle of a coalition government in South Africa's final constitution.

Mr Cyril Ramaphosa, the ANC secretary general, bluntly rejected a call from the National party, its junior coalition partner, to institutionalise the present system. He told delegates on the final day of the party's two-day conference on constitutional policy: "There will be no enforced coalition rule beyond 1999", when the next general election is scheduled.

The National party, led by former president F W de Klerk, "can eat their heart out", he said. "We want a fully blown democracy in which the majority party forms the government."

However, he took a more cautious stance on the controversial issue of the powers to be delegated to provincial governments, and the delegates appeared to leave open the possibility of further discussion over the precise powers of provincial assemblies, which is at the heart of a row with Zulu leader Chief Mangosuthu Buthelezi.

Chief Buthelezi, whose Inkatha Freedom party controls the mainly Zulu Natal parliament, insists South Africa's final constitution give the nine provincial governments significant powers.

He has threatened to walk out of the full constituent assembly when it meets on Wednesday unless the ANC upholds its previous pledge to bring in foreign mediators to arbitrate on Inkatha's demands for provincial autonomy.

At the end of the conference, Mr Ramaphosa told delegates: "The divide in opinion over a federal or centrist government

National party 'can eat their heart out', said Ramaphosa

was not manifest within the ANC. Delegates backed a stance that the country should not be fragmented. We believe that our proposals really should finally resolve this debate between federalism and unitarism so that our country is not fragmented in any way and provinces cannot set up as fiefdoms."

His comments, however, seemed less hardline than a policy document which had been circulated before the conference. The initial ANC opposition to the concept partly stemmed from fears that Chief Buthelezi would seek to make Natal an autonomous province, but the ANC has since had to take into account support for the provincial government within its own ranks.

ANC regional leaders have become reluctant to cede authority to the central government, and delegates at the conference yesterday stopped short of making a definitive statement on the issue.

The ANC discussion paper, however, had come down on the side of greater central government control over the provinces. Precise central powers in this area were never defined during the constitutional talks that paved the way for last year's all-race elections. This was left to the elected national assembly, which has until June 1996 to finalise the constitution.

The ANC document envisages a constitution which emphasises the role of the national assembly as a law-making body, while the main task of the provincial assemblies would be to implement central government policy.

"To try and specify lists of provincial exclusive legislative powers dealing with matters of national concern for the provinces is a fruitless exercise," the document says.

But the tone of the document is revealing, stating for example: "Autonomy [of the provinces] for its own sake, is stressed rather than effective government." In another passage, the document says: "Provincial and local government autonomy is not a self-evident virtue." The current framework, says the document, "is conducive to tensions between region and region, and between regions and parliament and the executive".

Part of the ANC case for stronger powers at the centre is the argument that efficient implementation of the country's Reconstruction and Development Plan requires a strong and efficient central government.

'Overwhelming' influx straining resources

Tanzania shuts out refugees fleeing Burundi

By Michela Wrong in Nairobi

Tanzania yesterday refused to reopen its frontier to an estimated 85,000 Rwandan refugees fleeing ethnic strife in Burundi, saying it would not be able to feed a new influx and appealing to the international community to organise a systematic repatriation.

The government, which closed the border on Friday as frightened refugees poured out of a camp in northern Burundi and headed for Tanzania, said it was already "overwhelmed" by the existing refugee situation, which was straining resources and undermining national security.

"Tanzania is unable to receive any more refugees," Mr Cleopa Msuya, prime minister, was quoted as saying.

"It is up to [neighbouring] Rwanda to give guarantees regarding their security."

Tanzania already hosts around 700,000 Hutus, including many officials of the former Rwandan regime who fled into exile as the Tutsi-led Rwanda Patriotic Front swept to victory last July. Aid organisations in the camps were recently forced to cut rations to the minimum daily requirement as food supplies began to run out.

The latest mass movement, originating from the Magara camp in northern Burundi, came after 12 refugees in a neighbouring camp were killed by unidentified gunmen.

As April 6 approaches – the anniversary of the day an aircraft carrying the presidents of Burundi and Rwanda was shot down – relations between the majority Hutu and minority Tutsi community in Burundi have deteriorated sharply with up to 200 people having been killed in the last week.

Aid officials said the influx of refugees now appeared to be stabilising.

Some 40,000 refugees from Magara were sleeping rough at the halfway point between the town of Ngozi and the Tanzanian border, but up to 15,000 refugees had agreed to return to two smaller camps, said Mr Paul Stromberg of the United Nations High Commissioner for Refugees.

But he warned that any new violence could trigger another movement towards the frontier from the seven camps in the region.

"The next few days will be very telling.

"If there's any security incident at all we will see a massive outflow, whether the Tanzanian border is closed or not."

UNHCR officials are currently holding talks with the Burundi authorities, trying to persuade them to guarantee the refugees' security and encourage a return to the camps.

A Rwandan Hutu refugee carries her one-day-old son – born by the road as she was heading for Tanzania – in a Burundi camp at the weekend EPA

Menem may face second-round election

By David Pilling in Buenos Aires

Mr José Octavio Bordón, presidential candidate for the centre-left Frepaso coalition, is close to forcing President Carlos Menem to a run-off in Argentina's elections next month, according to an opinion poll published yesterday in Clarin newspaper.

The poll, based on a sample of fewer than 2,000, puts Mr Menem on 32.4 per cent, against Mr Bordón on 20.3 per cent. However, when undecided voters (26.7 per cent) are distributed among the candidates, Mr Bordón scores 29-30 per cent with Mr Menem on 41-42, just enough to secure outright victory.

Under the new electoral system, Mr Menem needs to score more than 45 per cent to win in the first round, or more than 40 per cent if he has a 10-point lead over the second-placed candidate. According to the Clarin poll, this margin has been cut to 12.

The poll appears to confirm the steady rise in the popularity of Mr Bordón, a Peronist dissident, since he won Frepaso primaries on February 28. He has gained votes largely at the expense of the Radical candidate, Mr Horacio Massaccesi, who has suffered from party disunity and financial difficulties in Rio Negro province, where he is governor.

Mr Bordón, as well as poaching Radical votes, could also benefit in the run-up to the mid-May elections from the economic hardships that are likely to result from recent government austerity measures. For example, local car producers, hit by falling sales, have stopped production for several days in the past month.

At the weekend, VAT was increased by 3 percentage points, a prerequisite for vital loans from the IMF and other multilateral institutions. These are needed to replace private capital flows which have stopped since Mexico's devaluation last December.

The government said this weekend that VAT would be largely absorbed by suppliers in the context of stagnant consumer demand. It predicted that inflation for April would be below 1.2 per cent, though significantly above that in March, when prices fell by an estimated 0.1-0.3 per cent.

In a sign that some companies may try to avoid passing higher costs on, Aerolineas Argentinas, the privatised flag-carrier, has announced wage cuts of 5-15 per cent.

LEGAL NOTICES

IN THE MATTER OF
INTERMED CONSTRUCTION LTD
and
IN THE MATTER OF
THE CYPRUS COMPANIES LAW CAP 113

NOTICE IS HEREBY GIVEN that the Creditors of the above-named company which is being voluntarily wound up are required on or before the 3rd day of May 1995 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Antony Hajl Roussos, FCCA of Julia House, 3 Th Dervis Street, PO Box 1612, Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 3rd day of April 1995
Antony Hajl Roussos
Liquidator

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	8.15	23.00	23.00
0100	8.15	14.73	17.04
0130	8.88	28.50	28.81
0200	6.03	28.50	28.81
0230	6.27	14.73	17.04
0300	8.27	13.98	16.27
0330	8.27	10.90	13.21
0400	8.03	8.45	8.78
0430	8.88	8.03	8.34
0500	8.20	8.79	8.79
0530	8.20	8.03	8.34
0600	8.78	8.19	8.19
0630	8.03	8.17	8.17
0700	8.78	8.17	8.17
0730	8.78	8.17	8.17
0800	8.88	8.15	8.15
0830	8.03	8.14	8.14
0900	8.03	8.15	8.15
0930	8.03	8.18	8.18
1000	11.44	8.79	8.79
1030	15.50	8.03	8.34
1100	15.50	8.03	8.34
1130	13.84	7.37	9.68
1200	15.50	7.37	9.68
1230	15.72	7.37	9.68
1300	15.72	7.37	9.68
1330	15.60	7.37	9.68
1400	8.22	8.03	8.34
1430	8.03	8.78	8.78
1500	8.78	8.15	8.15
1530	8.76	8.16	8.15
1600	8.78	8.15	8.16
1630	8.76	8.15	8.16
1700	8.20	8.16	8.15
1730	8.30	8.19	8.19
1800	8.20	8.03	8.34
1830	8.20	10.58	12.89
1900	8.88	28.50	28.81
1930	8.03	28.50	28.81
2000	11.44	19.53	21.84
2030	28.14	16.03	18.34
2100	28.14	10.38	12.69
2130	28.14	7.37	9.68
2200	28.14	7.37	9.68
2230	22.87	7.37	9.68
2300	8.22	8.85	8.85
2330	8.78	8.79	8.79
2400	8.20	8.18	8.18

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6780 between 8:30am and 5:15pm Monday to Friday.
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1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	8.18	8.85	8.85
0100	8.18	12.29	13.61
0130	8.88	12.00	13.22
0200	11.44	16.32	16.54
0230	14.85	12.29	13.51
0300	14.85	15.32	16.54
0330	11.44	15.32	16.54
0400	8.03	12.29	13.51
0430	8.03	7.37	8.60
0500	8.78	8.97	8.19
0530	8.16	8.98	8.98
0600	8.18	8.85	8.85
0630	8.92	9.00	9.00
0700	10.70	9.04	9.04
0730	13.81	10.72	11.98
0800	14.81	10.67	11.98
0830	17.01	14.21	15.65
0900	17.01	14.08	15.84
0930	17.01	16.51	18.64
1000	17.01	20.26	22.42
1030	17.01	17.08	19.20
1100	17.01	16.87	18.85
1130	17.01	17.13	19.28
1200	17.01	17.61	19.87
1230	17.01	17.01	19.11
1300	17.01	15.94	17.83
1330	17.00	12.89	14.45
1400	14.48	14.55	16.07
1430	14.48	12.20	13.70
1500	14.46	12.12	13.80
1530	14.46	12.08	13.58
1600	14.48	12.90	14.47
1630	17.57	13.88	15.99
1700	17.57	16.32	18.92
1730	17.57	21.32	24.59
1800	14.48	30.58	36.25
1830	14.09	52.69	60.16
1900	10.72	54.66	62.18
1930	10.70	44.51	49.99
2000	15.79	23.88	26.72
2030	26.73	12.42	13.95
2100	39.87	13.88	15.20
2130	39.87	8.11	8.11
2200	17.57	8.95	8.95
2230	15.51	8.79	8.79
2300	11.79	8.19	8.19
2330	8.93	8.19	8.19
2400	8.92	8.15	8.15

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6780 between 8:30am and 5:15pm Monday to Friday.
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China eager to keep access to soft loans

By Tony Walker in Beijing

"The issue is so sensitive I cannot comment at all," said a World Bank official in Beijing of the latest dispute between China and the US.

Indeed, there can be few more delicate issues than China's access to the World Bank's International Development Association (IDA) soft loans, an arrangement now under threat of US veto.

Mr Jin Lijun, the new director of the Ministry of Finance's World Bank department, recently described the continuation of the IDA access for China as "critical". China, he said, needed IDA funds to the end of the century for poverty alleviation and environment programmes: after that "we would be in a position to rely on our own resources".

Representatives in Beijing of donor countries such as Japan, Canada and Australia have been discomfited by the US threat to cut off China's access to IDA funds, which are virtually grants under 30-year repayment terms with interest of less than 1 per cent.

One senior official said the US had been firmly opposed for some time to China having a share of IDA funds, but it was unclear how much the US position was being influenced by domestic pressures, especially those from the new Republican-dominated Congress, some of whose members are antipathetic to Beijing.

When Mr Lawrence Summers, US Treasury under-secretary, told the House of Representatives banking committee last week that continued IDA funding to China could not be guaranteed after the middle of next year, he touched a raw nerve in Beijing. "I would be very surprised if China were to receive assistance under the next IDA [replenishment]... because of its ability to attract money on commercial terms," Mr Summers said.

China's response was unequivocal. "In accordance with the World Bank's principles on the distribution of soft loans, China is fully qualified to enjoy its due share of World Bank soft loans," a Foreign Ministry spokesman told reporters last Thursday.

"At present there are still 80m Chinese living in poverty," he added. "Most of them live in areas scarce in natural resources and poor in ecological conditions and communications to the world, which makes it difficult for them to alleviate poverty... The role of the World Bank soft loans in this field cannot be replaced with any other kind of capital."

The stage seems set for awkward discussions on disbursement of the next three-year replenishment of IDA funds (the current $18bn replenishment expires on June 30 1996) with China expected to receive the support of the Japanese, Europeans, the Canadians and Australians, among others.

The US may find itself isolated on the issue, although it has a veto on the 13-member World Bank board.

The Japanese, particularly, are expected to argue strongly for a continuation of assistance to China. One of their concerns is that an end to IDA funding would prompt new Chinese demands for more Japanese soft loans. Japan has provided over $10bn in credits to China since the early 1980s.

China's IDA soft loans represent a quarter of its $22bn World Bank support since it rejoined the Bank and International Monetary Fund in early 1980. Indeed, China has earned a reputation as something of a model in the speed and efficiency of its disbursement of World Bank funds.

IDA provided $925m to China in 1993/94, about 30 per cent of total World Bank assistance, running now at about $3bn annually. IDA funding has been declining as a percentage of the total since 1991.

Argument in the next phase seems likely to focus on the true measure of China's income per capita, with the US contending that this is deliberately understated to ensure continued access to concessionary financing. IDA now classifies countries in need of assistance as those with average annual per capita income of less than $835.

China's own estimates of GDP per capita are around $350. The World Bank in its World Development Report for 1994 uses $470, but also presents an alternative figure of $1,910 using the Purchasing Power Parity (PPP) formula which provides the basis for comparing living standards between countries.

But as the World Bank study concludes: "For China, no reliable PPP-survey price data exist, and the $1,910 figure is subject to wide margins of error which probably impart an upward bias."

Mr Jin, who has served several stints at the World Bank in Washington, is adamant that China, by any standards, should continue to receive IDA assistance: "We want our fair share of concessionary resources provided by the World Bank. We have 80m people below the poverty line – 200m by World Bank standards – to say nothing of people vulnerable to natural disasters who are living just above the poverty line."

These issues seem certain to make for spirited discussions when World Bank directors address the question of continued IDA funding over the next several months.

Latin American financing from IADB set to rise

By Stephen Fidler, Latin America Editor, in Jerusalem

Shareholders of the InterAmerican Investment Corporation (IIC), the private sector financing arm of the Inter-American Development Bank (IADB), are likely to agree today a proposal that will double the corporation's capacity to provide finance for companies in Latin America.

The proposal would increase the gearing of the corporation, whose future was in question until last year, to 3:1 from 1:1. This would allow it to provide more than $600m in loans and $200m in equity finance, rather than $300m of loans and the same amount of equity as at present. Without the change, the IIC's ability to provide much further finance would be severely constrained.

The 34 government shareholders of the corporation will also consider a proposal to allow non-IADB member governments to become shareholders in the corporation. Until the rules are changed, IIC shareholders have to be members of the IADB. The two organisations are holding their annual meeting in Jerusalem because Israel is a shareholder of both institutions.

It is understood that Taiwan, which has strong economic ties with some Latin American countries, wants to become a member of the IIC. However, China has expressed some interest in joining the IADB, and Taiwan's membership would complicate the issue. A decision to open the IIC only to governments that are also members of the International Monetary Fund would signal Taiwan could not join.

Other proposals before the meeting would allow the IIC to form subsidiaries in member countries and to ease restrictions which prevent the IIC lending to entities not majority-owned by Latin America.

The corporation is undertaking a reorganisation which has almost halved its staff to 60 in just over 15 months, and has also been directed by shareholders to target more of its resources towards equity finance, which now accounts for a sixth of the corporation's financing. It must also act as a profit-making entity.

The moves follow recommendations from a working group headed by Mr Moeen Qureshi, a former senior vice-president of the World Bank, which considered that its original terms of reference had not been specific enough about whether the profit-making or development objective of the corporation should predominate.

The proposals go before a committee today and are considered formally by the annual meeting on Wednesday. Decisions must then be ratified by the 34 member governments.

Minister's hoax call adds to NZ unrest

Bolger: angry at whip's antics

By Terry Hall in Wellington

A series of problems – all with racial overtones – this week face Mr Jim Bolger, New Zealand prime minister.

One involves a junior cabinet minister who masqueraded as a lazy Maori on a radio phone-in; another the growing confrontation of a Maori occupation of public gardens in a central area of the North Island city of Wanganui. Elsewhere, in a series of copycat moves, other Maori groups are occupying land they say is rightfully theirs.

Overriding everything is the government's apparent inability to quell growing discontent between Maoris and those of European descent over its NZ$1bn (£410m) offer to settle Maori land claims permanently.

Mr Bolger is known to be especially furious at the antics of the senior government whip, Mr John Carter, who impersonated a Maori on talkback radio. The uproar overshadowed Mr Bolger's highly successful visit to the US, where he had talks with President Bill Clinton and senior officials. These appear to have healed the 10-year rift over the Anzus defence problems.

In one broadcast, on a programme hosted by his friend, Mr John Banks, minister of tourism, Mr Carter pretended to complain about government efforts to settle all Maori land claims by offering them NZ$1bn. Imitating a Maori, he said he did not want a settlement, "otherwise I'd have nothing to complain about any more".

Senior cabinet ministers and opposition leaders castigated both men over the affair. Mr Banks claimed he did not know the identity of the caller; under pressure, Mr Carter offered to resign, but his colleagues rejected this.

However, Mr Bolger may force his resignation, out of concern at the growing racial problems in the country, and because of the accusations that the government is unwilling to tackle the issues and is not unsympathetic to the sort of remarks made by Mr Carter.

A stony-faced Mr Bolger returned to Wellington last night, refusing to comment on whether he would discipline his two ministers or on what he would do about the Wanganui land occupation, where there were several violent weekend incidents between police and the occupying force of 200 Maoris.

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Labour party demands 'balanced leadership' when deputy governor is replaced

Outsider is urged for central bank

By James Blitz at Westminster

The opposition Labour party is urging the government to appoint the new deputy governor of the Bank of England, the UK central bank, from industry or commerce. Mr Gordon Brown, Labour's shadow chancellor (chief finance minister), said such a move would broaden the range of experience of senior officials at the Bank. The government is searching for a successor to Mr Rupert Pennant-Rea, who resigned last month following revelations of an extramarital affair with a journalist. Mr Pennant-Rea's appointment in 1993 caused controversy because he had no previous top-level experience in the bank. He was previously editor of the magazine The Economist.

Mr Brown called for a replacement whose career had not developed exclusively in high finance or the government machine. He said Mr Pennant-Rea's resignation had opened an opportunity for the Bank to develop contact with Britain's business sector. He argued that the case for "balanced leadership" had particularly strong merits because Mr Eddie George, the governor, had spent his entire career within the central bank. "It is clearly important to have balanced leadership at the top," he said. Mr Brown's comments partly reflect continuing dissatisfaction within the Labour party at the prime minister's refusal last year to include a trade union leader as a non-executive director of the Bank.

The decision not to appoint a union leader, taken by Mr John Major himself, broke a tradition which dates from the Bank's nationalisation in 1946.

However, Mr Brown's words are unlikely to be heeded. An informal shortlist for the deputy governorship, drawn up by the Treas[ury] includes Mr Mervyn King, the bank's chief economist and Mrs Rachel Lomax, a [wor]ld Bank official.

Also un[der] consideration for the post is Stephen Robson, a Treasury deputy secretary, who is r[es]ponsible for the Treasury's relationships with industry a[nd] City institutions, including [the] bank. From the private sec[tor] Mr Peter Burt, managing [dir]ector of Bank of Scotland, i[s a] possible candidate.

Suit may threaten 'old guard'

By Ralph Atkins, Insurance Correspondent

The Lloyd's of London litigation bandwagon reaches another stage today when a legal claim for damages brought by 2,000 Names for losses arising largely from US asbestosis and pollution claims starts its High Court hearing in London.

The case being pursued by the Merrett Syndicate 418 (1985) Names' Association is

LLOYD'S
LLOYD'S OF LONDON

the largest and potentially the most significant of the so-called "long tail" cases, which involve losses on policies sold as long ago as the 1940s. Names are individuals whose assets have traditionally supported the Lloyd's insurance market.

As well as Lloyd's professional agencies, the association is taking action against Ernst & Whinney, the auditors, and Mr Stephen Merrett, the syndicate's underwriter and a former deputy chairman of Lloyd's.

Mr John Mays, chairman of the association, said: "This case involves the inner sanctum of Lloyd's establishment, and if the allegations of negligence are upheld, it will be a serious blow to the old guard at Lloyd's."

Lake takes special care with words

Bill Clinton's national security adviser prefers to describe relations with Britain as 'powerful'

Anthony Lake is a man of placid public demeanour – but it was possible to detect just the hint of wariness in the eyes of President Bill Clinton's national security adviser when he briefed British correspondents on the visit by Mr John Major, the UK prime minister.

He began not by running through the items on the agenda of the two heads of government but by talking about the "special relationship" between the US and the UK. He did not, however, use the adjective that is the subject of so much comment on the other side of the Atlantic.

Mr Clinton, he said, repeatedly described the relationship as "unique" and "powerful", especially in the nuclear, military and intelligence fields. "I see no reason why it will not remain so."

Whenever a thorny problem cropped up, his "first thought goes to London" – as it had with tougher sanctions last week against Libya. He conceded "tactical disagreements" over Northern Ireland and, a year ago, Bosnia. But the British "flurry of self-examination and dubious headlines are transitory and unwarranted".

Asked about the apparent rise of anti-Americanism in Britain, Mr Lake became, by his standards, positively blunt. "We acknowledge it exists. We read the articles, which are nasty and wrong. But does it worry me? No... we will get through it and get on with what is important."

He insisted that there was nothing wrong with the personal relationship between the president and prime minister. "We never took offence," he said, at Mr Major's inability to take a phone call from Mr Clinton after the presence in the White House last month of Mr Gerry Adams, the president of Sinn Féin, the political wing of the Irish Republican Army.

Nevertheless no "gesture" is planned over the next 48 hours to make Mr Major feel especially welcome. Last year Mr Clinton took Mr Major with him to Pittsburgh. But the president, now in Arkansas, is returning to Washington only hours before his lunch tomorrow with the prime minister.

Contrary to assertions from Mr Adams, Mr Lake said he had pressed the Sinn Féin leader on the decommissioning of IRA arms in Northern Ireland and on a proper accounting for Sinn Féin fund-raising in the US. The Clinton administration had no particular vision of the future of Ireland. "There should be a peaceful settlement, negotiated by all the parties – it's up to them."

Mr Lake said the US had all along wanted to intervene only to get "results". The ceasefire that has now lasted half a year certainly constituted progress, for which Mr Major and two successive prime ministers of the Republic of Ireland deserved much credit.

He compared the peace process in Northern Ireland with that in the Middle East, where there was now "a community of interests" between the peacemakers on both the Israeli and Arab sides. "I think we are seeing the beginnings of this in Northern Ireland," he added."

Jurek Martin
US Editor

Battle of the beer giants intensifies

By Roderick Oram, Consumer Industries Editor

Bass and Guinness are both launching beers this week to challenge the leadership of Whitbread in premium "lager" beer, one of the few fast growing segments of an otherwise gently declining beer market. "Lager" is the name used in Britain for European-style beer as opposed to traditional dark British "bitter".

Bass will add to its portfolio Carling Premier, brewed in the UK, and Staropramen imported from Prague Breweries, the Czech company in which it has a 34 per cent stake. Guinness is launching Enigma, its first premium brand.

Premium brands led by Whitbread's Stella Artois account for about 14 per cent of all beer sales and are growing at about 6 per cent a year. They have a minimum strength of 4.5 per cent alcohol by volume.

In contrast, weaker and cheaper standard "lagers" are suffering from flat volumes and falling prices. Together the two classes of "lager" account for about 55 per cent of the UK beer market, which is contracting at about 1 per cent a year.

Mr Séamus McBride, marketing director of Bass Brewers, said: "We aim to be number one in the premium sector by 2000, displacing Stella." Bass is doubling its advertising and marketing spend on Carling this year to £30[m].

At the top end of its range Bass is adding Staropramen for national distribution. The UK market for Czech beer is only 40,000 barrels a year now, but Bass and others see it as a high-growth sector given Czech beer's reputation as a quality product with a long history.

UK NEWS DIGEST

Business failures rise steeply

The number of businesses going to the wall recorded its biggest increase in the past three months since the winter of 1993, but small business failures are well down on last year's levels. Dun & Bradstreet, the business information group, said 9,909 businesses collapsed between January and March. This was 726 more than in the final three months of last year and the biggest rise since the fourth quarter of 1993.

Business failures were still 15 per cent below their levels in the first three months of last year, with the decline for small businesses even greater. Some 5,764 partnerships, associates and sole traders went bankrupt in the first quarter, compared with 7,253 a year earlier.

Mr Philip Mellor, Dun & Bradstreet's senior analyst, said this year looked set to see the biggest fall in business failure among small businesses "for at least 15 years". But he added that about 450 small businesses were going to the wall every week.
Robert Chote, Economics Correspondent

Post Office faces performance review

Consultants are to be appointed to review the performance of the Post Office, said Mr Tim Eggar, industry minister. The review is expected to be completed by the autumn. Yesterday the Post Office welcomed the review, arguing it would highlight financial constraints which, it said, were stifling progress.

Mr Eggar said a review was necessary before new three-year targets could be set. In the meantime, performance targets have been extended to the end of the 1995-96 financial year. Royal Mail, a subsidiary of the Post Office, is expected to make an 18 per cent return on capital employed. For the Parcelforce subsidiary, the figure is 9.5 per cent. *Alan Cane, Industrial Staff*

Doctors may vote for protest action

Leaders of Britain's 35,000 family doctors are considering forms of industrial action which would drive up the bill for medical services rather than affect patient care. The government proposes to change the structure of payments for night visits by doctors. The British Medical Association's general medical services committee is to meet on April 20 to decide whether to hold a ballot on industrial action. One option being considered is that doctors would prescribe branded drugs rather than the cheaper generic drugs – unbranded copies of brands that may once have been patent-protected. Most drugs prescribed in the UK are generic. Other action might include referring more patients to hospital consultants. *Lisa Wood, Employment Staff*

Conservative EU rebels divided on tactics

The nine MPs in the governing Conservative party who have been denied the party whip appeared yesterday increasingly divided over tactics. The whip was withdrawn last year when the nine persistently defied party policy on the European Union. Mrs Teresa Gorman, one of the party's strongest opponents of the governments's European policy, said she wanted to see the nine give a boost to the Conservatives in the coming municipal elections. "We are trying to mend fences," she said, adding that the rebels would be blamed if the party failed in the elections. "But we want the party to do well at the local elections and want the rank and file to realise we are in the market for reunification."

Nevertheless, Sir Teddy Taylor, another party rebel, said reconciliation appeared a long way off. He said the unity process had been "rather kicked in the teeth" by the refusal of Mr Kenneth Clarke, chancellor of the exchequer, to meet the group.
James Blitz, Westminster

Cambridge wins boat race: The 141st University Boat Race on the Thames in London was one by favourites Cambridge who reached the finishing line about 12 seconds ahead of the Oxford crew. Oxford were ahead at first, but Cambridge soon pulled away to record the university's 72nd victory in the annual race.

Marathon victor: Dionicio Ceron, a 29-year-old Mexican, yesterday became the first person to win the London Marathon twice. His time was 2h 8min 30sec; the record for the event, run by thousands of competitors through some of the most historic streets of London, is 2h 8min 16sec achieved in 1985. The fastest woman yesterday was Malgorzata Sobanska of Poland at 2h 27min 43sec.

Falcon's comeback: The British population of peregrine falcons, one the country's largest birds of prey, has almost doubled since 1945 while numbers of other birds have dwindled, says the British Trust for Ornithology. But peregrines are still at risk from egg collectors and falconers who capture young birds for training, adds the trust.

Climber dies: A 27-year-old businessman was killed when he fell more than 80m from a snow-covered ledge on a mountain in England's Lake District. Andrew Coleman was walking with his wife on 1,000m Mount Helvellyn when he slipped from the ledge. The bodies of three climbers were found in Scotland's Glencoe range in an area where three men disappeared last month after an avalanche.

MEDIA FUTURES

From Jesus to El Ranty

DATELINE

Tokyo: New religions have been a feature of Japan's modern history, writes William Dawkins

A busy shopping street in central Tokyo might seem an odd place to find a witch doctor.

But there she sits, behind a bead curtain in a tiny sanctum opposite Hiroo post office, a few yards from my apartment, where she peddles palmistry, "love-love checks" and snake oil.

My neighbourhood shaman, a traditional faith healer-cum-soothsayer, caters for just some of the growing number of Japanese people searching for the spiritual dimension.

She is doing well, judging by the fact that she has just started taking credit cards. So are the growing number of new religions – many led by former shamans – highlighted tragically by the recent nerve gas attack on the Tokyo subway and subsequent police investigation of the Aum Shinri Kyo sect.

A police guard still surrounds the nearby branch of Aum Shinri Kyo, as the slow search continues for evidence to explain last month's attack, in which 10 died and about 5,500 were injured.

A short bus ride further, one comes to the futuristic inverted bronze pyramid that forms the headquarters of Reiyukai, one of the many perfectly respectable 20th century cults. Inside, a group of salarymen and housewives drape prayer scarves over their shoulders and chant mantras in the cavernous gloom.

The shaman, the fanatics and the praying office workers are very different examples of how many Japanese complain of spiritual poverty. The growth in new religions is paradoxically not new, but deserves to be taken more seriously than before because, as the Tokyo gas attack shows, it is entering an unpredictable new phase.

Just over 100 new religious entities are being formed every year, according to the government's cultural affairs agency. Japan had just over 231,000 religious groups at the end of 1993, of which around 40,000 are – like Aum – outside the three main streams of Buddhism, Shinto and Christianity. These sects are "surrogate families . . . in a fatherless society", believes Susumu Oda, professor of psychopathology at the University of Tsukuba.

New religions have been a feature, and perhaps a consequence of modern history's three main phases of social and political change, the Meiji restoration at the end of the 19th century, post second world war reconstruction and the present.

The first generation is rooted to Shinto, Japan's indigenous religion, a blend of nature and ancestor worship. Of this type, the most respected is Tenri-kyo, founded in 1854, which has its own city, Tenri, in Nara prefecture, central Japan, a university, schools, and 16,000 churches round the world.

By contrast, second generation new religions, dating from the late 1940s, tend to be based on Buddhism, often formed by aspirants to the spiritual vacancy left by Emperor Hirohito on renouncing his Shinto divinity at the end of the war.

By far the most important example of that type is Soka Gakkai, a lay movement founded by a teacher in 1930. This took off after the founder was martyred as a "thought criminal" in a Tokyo prison in 1944. Now, it claims membership of 8m households and great political clout as the founder of Japan's second largest political party, Komeito, the clean government party. Soka Gakkai's membership comes mainly from office and factory workers around Osaka. Rich Tokyo-ites tend to flock to another post-war Buddhist sect, Shinnyo-en, or garden of truth. It claims just over 7m members.

The third generation of so-called "new new religions", dating from the past 10 years or so, is eclectic. It has many roots and its sects are more dogmatic than earlier movements. Bodies such as Happy Science, the largest of the new new sects with 5m members, and the delightfully named Powerful Cosmo Mate, or the sinister Aum tend to demand followers' exclusive devotion. Aum Shinro Kyo is a fringe member of the newest generation by virtue of its small membership of 10,000 and its extreme practices. But it is typical in preaching a mystical, if not mystifying, mixture of Buddhism, Hinduism and Old Testament doom.

Happy Science, founded nine years ago by Ryoho Okawa, a former office worker at a general trading company, has an even broader pantheon, peopled by various Buddhas, Zeus, Jesus Christ, Abraham Lincoln, and a gigantic space traveller called El Ranty, among others.

Followers of the new new sects are younger than the post-war religions and, most importantly, seek answers to different problems, argues Oda and other religious experts.

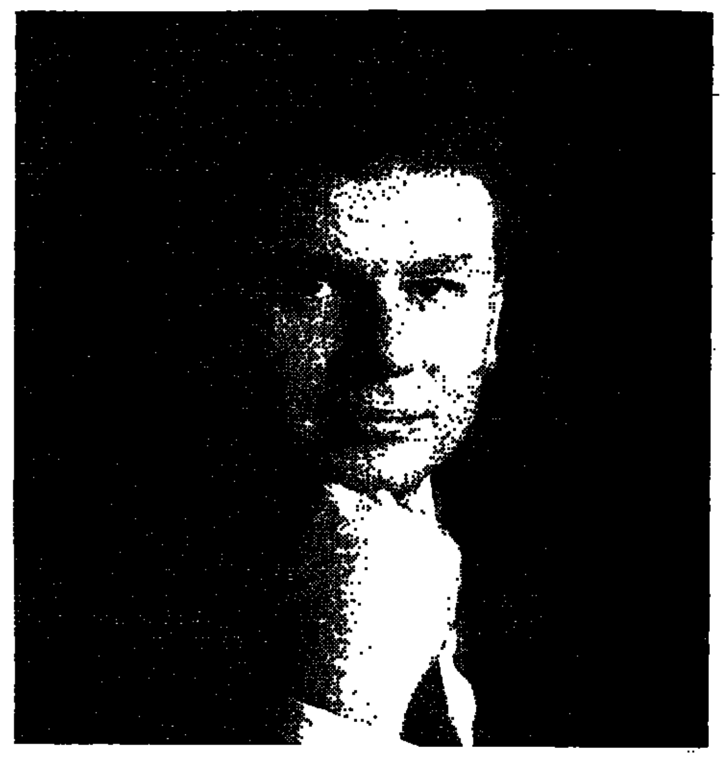
Earlier sects fitted in to the post-war race for economic development which for many Japanese had a spiritual dimension that the new religions of the time catered to. That can be seen in the shrines on the roofs of office buildings and the semi-religious writings of entrepreneurs such as Konosuke Matsushita, founder of the world's largest electronics company.

But now the post-war sense of purpose has diminished, in line with corporate Japan's horizons. It has given way to a feeling of drift and boredom, claims Oda. A target driven society finds itself with less of a mission than before. Japan's new new sects are addressing a generation which for the first time in a century or so is struggling for a sense of direction.

PEOPLE

Czech privatisation pioneer seeks peace

Viktor Koženy tells Vincent Boland he still controls the HC&C investment fund, despite living in the Bahamas



Viktor Koženy has not lost his eye for the main chance, even in exile. The whiz-kid of coupon privatisation, operating nowadays from the Bahamas, has steered his Harvard Capital & Consulting (HC&C) investment fund empire, based in Prague, into a 5 per cent stake in SPT Telecom, the Czech Republic's state telephone company. He is now hunting for a new management team to beef up HC&C's operations in the city he abruptly quit a year ago.

Koženy, the *enfant terrible* of Czech privatisation, is an engaging, Harvard-educated 33-year-old who helped change the way of life of an entire country while in his twenties. He also made a personal fortune not far off $200m.

Koženy returned to what was then Czechoslovakia in 1990, having left it as a child. In his pocket he had $3,000, with which he established HC&C. In 1991-92, the early days of the government's coupon privatisation programme, he conducted an unprecedented advertising campaign, which helped rescue the programme from public indifference. He spotted the opportunity, and sold it to the public.

Millions of bemused investors got the message, and many of them gave their coupons to HC&C to invest on their behalf. He made them money, and in return received nationwide gratitude. "We were the first; everybody else followed," he says.

But by 1993, sentiment was turning against Koženy, largely because of his involvement with a former communist-era secret service agent named Václav Wallis.

The Czech Republic became awash with rumours that Koženy had used Wallis – who even after communism continued to orbit the fringes of officialdom – to gain inside information on privatisation decisions, enabling HC&C to build up big stakes in 50 of the country's top companies.

Koženy admitted paying Wallis a retainer, but denies getting any privileged information. Nor has Koženy ever been charged with any wrongdoing, despite a lengthy investigation. Last week it was reported that state investigators may wind-up the case by the end of April.

Wallis was tried and convicted in early 1994 of abuse of public office and jailed; he has since been released. But the Wallis affair became almost a sideshow. Koženy underwent trial by media and was found guilty of being too clever by half, as a wave of resentment of millionaires, communists and get-rich-quick schemes burst forth from recession-hit Czechs. Dejected and hurt, he exiled himself, first in Zurich and now the Bahamas, and has vowed never again to return to his homeland.

That is Koženy's version of his experiences over the past five years. His problem is that many Czechs do not believe him. Koženy, usually effortlessly articulate, finds it difficult to rationalise the turn against him: "What can I say? What can I do?" he asks. "Everything I do seems to be wrong."

If Koženy is guilty of anything, arguably it is of having poor judgment, and of abruptly leaving Prague: it seemed an odd thing to do, a gift to his accusers. His defence of his flight seems a trifle precious for one who clawed his way to the top almost overnight and enjoyed a huge public profile: "After reading about this [the case] every morning in the papers, I just got sick of it," he says. "There it was on a daily basis for two years. There were more articles about me than about the prime minister."

In the Bahamas he spends time with other multi-millionaires like Sir John Templeton, a shareholder in Koženy's HC&C investment fund. He rises at 3am on working days to bark orders down the phone to his managers in Prague, several time zones away.

"I'm the man who makes the decisions," he says of the way HC&C operates, touching on an issue perhaps more serious in the long run for his company's future than his own absence from Prague.

The distance between the Bahamas and Prague partly explains the search for new management, although as a self-made man Koženy will find it difficult to cede much autonomy. His family owns an estimated 25 per cent of the shares in the funds HC&C manages – he will not give the exact figure – and his interest in its future is obvious.

Koženy has turned down several offers to sell HC&C, even though there are few opportunities left, now that coupon privatisation has ended in the Czech republic. He is seeking to market the vouchers-for-shares system in China.

Koženy defends his own style, citing the words of George Soros, another "strong leader": "A company is not a democracy." He has no plans to return to Prague, saying he can run the business by telephone. He still feels bitter about his treatment, insisting he is just "a normal guy". All he wants is for the Czechs to give him a break.

NAMES IN THE NEWS

Randa kick starts new era for Bank Austria

"Austria's most powerful manager," screams the headline from this week's *WirtschaftsWoche* magazine, accompanied by a picture of a tough looking Gerhard Randa, writes Ian Rodger.

The 50-year-old career banker and Harley-Davidson motorcycle enthusiast takes over on Wednesday as chief executive of Bank Austria, the country's largest banking and industrial group. But no one would ever have described the folksy René Alfons Haiden, Randa's predecessor at the young bank, as being powerful.

Randa has always been interested in power and, more important, willing to use it. As chief executive of the former Länderbank, he was instrumental in bringing about its merger in late 1991 with the city of Vienna's Zentralsparkasse, to create Bank Austria.

He was then content to sit in the shadows for three years as deputy chief executive – until Haiden retired. But Randa was careful to get a written contract ensuring that he would succeed him.

Meanwhile, he has pressed the pace of unpopular internal rationalisation, while Haiden tried, in the traditional way of Austrian socialist managers, to please everyone.

And in a famous coup early last year, Randa sorted out the country's dithering savings bank sector. In principle, Bank Austria wanted to sell its 30 per cent stake in GiroCredit, the savings banks' central clearing organisation. But Randa ultimately wearied of the endless talks on how best to do it, and convinced the city of Vienna to bid for enough Giro shares to give Bank Austria majority control. And that was that.

No-one doubts what the priorities of the Randa era will be: more pressure on costs; a drive for higher margins; and a gradual sell-off of the group's motley bag of industrial and commercial holdings.

New chairman for Italy's Autostrade

Giancarlo Elia Valori is almost certainly the first ever professor of political science at Beijing University to be put in charge of a European motorway network, writes Andrew Hill

Valori, one of Italy's most experienced state-sector managers, has just been appointed chairman of Autostrade, the state-controlled company which runs about half of Italy's toll motorways

The post is non-executive but it would be wrong to assume that Valori will be a passive chairman. The appointment adds to a long career within the complex structure of IRI, the Italian state holding company which controls Autostrade. Most recently, Valori was chairman of *SME*, the Naples-based foods, restaurant and supermarket group which was broken up and sold to a variety of private buyers.

IRI has said it hopes to sell its stake in Autostrade during 1995, and Valori's appointment will allow him to continue his keen and critical interest in Italy's privatisation programme, about which he has just published a book.

Valori, who is 55, is also well-known outside Italy for his range of international contacts, particularly, during the Cold War, beyond the European and Asian iron curtains. He has written a biography of Nicolae Ceaucescu, the former Romanian dictator, and was the only Italian to be invited to the funeral of the north Korean leader, Kim Il Sung, in 1992, Francois Mitterrand made him a knight of the Légion d'Honneur.

Big day for P&O Cruise's Harris

Tim Harris, chairman of P&O Cruises, has a challenging few days ahead of him, with Queen Elizabeth II due to "name" the latest addition to the P&O fleet, the Oriana, on Thursday, writes Charles Batchelor. But the ceremonies surrounding the launch of one vessel, even one so laden down with hyperbole as the Oriana, should not faze a man with Harris's background.

As well as chairing P&O's successful cruise operations he is also head of its container and bulk shipping businesses, and of its European distribution arm. Harris, 47, is widely seen as the coming man at P&O – even as a possible successor to Lord Sterling, aged 60, chairman of the group.

Harris has been responsible for transforming the fortunes of P&O's cruise activities. He was sent to Los Angeles in 1986 to take over that business and has trebled the size of P&O's US cruise operations, Princess Cruises.

He has just assumed presidency of the British Chamber of Shipping, which represents British-based shipowners, where he will have the job of raising the profile of the shipping industry. "We need to communicate that British shipping not only has a glorious past but is doing well today," he said after his swearing in.

FT GUIDE TO DELAYERING

Why is Shell, one of the world's most profitable companies, cutting 1,200 management jobs?
This is the latest example of a trend towards management downsizing that started in the US about 15 years ago and has now spread worldwide. Traditionally, big companies believed that the "span of control" – the number of people whose work any manager could effectively control – was between seven and ten. So as companies grew, they built a hierarchy of middle-managers, each controlling the work of seven to ten subordinates. Filling these relatively well-paid jobs cost money; and co-ordinating thousands of middle managers was itself time-consuming. Now, it is thought, computers and telecommunications mean that a single manager can supervise up to 30 people, greatly reducing the need for a hierarchy. Companies can save money and speed up the way they work by "delayering" themselves.

If this isn't a new fad, why did Shell's move get so much attention?
Many enthusiasts for delayering are companies that are in trouble. But Shell has always been admired as one of the world's most profitable, best-managed companies. If Shell is cutting back in this way – and companies in the US also continue to do so in spite of the strong economic recovery there – then the trend is clearly outlasting recession.

Does it work?
Only if you do it properly. General Electric, one of the first companies to try delayering in the early 1980s, discovered that managers can only supervise many more people if paperwork and corporate bureaucracy are greatly simplified. Companies that merely cut the numbers of managers without changing the way they work risk imposing intolerable workloads, leading their most talented people to look elsewhere. A second risk is of failing to downsize enough the first time round, leading to successive rounds of cuts. That destroys morale and pushes managers to think solely of how to keep their jobs.

Is delayering the same as re-engineering?
Not quite, though the two may go hand in hand. Business process re-engineering, a trend that started in the late 1980s, involves radically simplifying the low-level workings of a company – typically, all the procedures that go into satisfying a customer order. The outcome often involves collapsing departmental demarcation lines, building integrated computer systems, cutting down response times, and reducing the number of layers at the *bottom* of a company. That may lead on to a bigger organisational overhaul, affecting more senior layers.

Shell has cut back on its "matrix" management structure. Is this also a trend? And what is a matrix, anyway?
Matrix structures are the 1960s response to the growth of complex multinational businesses. A company needs to co-ordinate the design, production and marketing of its products worldwide; that requires a degree of central control. But it also needs to respond to country-by-country market needs and regulatory requirements; that requires a degree of local autonomy. What is more, there are "functional" skills and standards (in finance, marketing, or engineering) which may also require central co-ordination. To handle these conflicting priorities, some companies put managers into a "matrix" structure, so that they reported *both* to their local country bosses *and* to product-line or functional managers at head office. Sometimes this worked well, but often it led to interminable wrangles. In Shell, a very collegial place, the system worked smoothly, but contributed to a "committee culture". So Shell is cutting back on the matrix and tilting the balance a bit more towards the centre. However, it is not abandoning matrix concepts altogether. Other companies have also cut back their matrices – in some cases eliminating them. But they still have to find ways of balancing global, local and functional priorities.

What happens to the people who are downsized?
Sometimes, downsizing focuses on reducing the size of a company's head office, cutting it to a small number of people who deal only with group-level strategy and performance review. All other traditional head-office functions, from personnel to data-processing, are devolved to the operating companies. When that happens, jobs are transferred to subsidiaries, rather than abolished. But true delayering necessarily involves a wave of redundancies and early retirements. For many of these managers, finding new jobs may be hard, especially if they are over 40. Sometimes they become consultants, initially to the company they have just left. In the US, however, there is some evidence that delayered *managers are being sucked back into full-time staff jobs, as companies* start to grow again.

Peter Martin

FILM/VIDEO

■ Oscar evening is over – no more ghoulies, guesties or things that go Gump in the night. But you can catch up with one elusive winner. *Blue Sky* comes to town (National Film Theatre, London, one week only) with Best Actress Jessica Lange. You can see her scorching performance as a Southern army base wife suffering from first-degree nymphomania. Tommy Lee Jones co-stars; Britain's Tony Richardson directed, in his last movie.

□ **Another Oscar night refugee, Hugh Grant, appears in Mike *Four Weddings* Newell's latest film, *An Awfully Big Adventure*. Grant slaps on a monocle and misanthropic mien as a 1940s theatre company director tussling with egocentric actor Alan Rickman over a young actress's career. Beryl Bainbridge wrote the novel; Charles Wood wrote the script; American critics wrote the so-far mixed reviews, mostly complaining "Why isn't it *Four Weddings* all over again?"**

Oscar night refugee: Hugh Grant in An Awfully Big Adventure

■ In a busy week for the large screen, *Dumber And Dumber* is a sort of mad relation to *Forrest Gump*. A tale told of two idiots (Jim Carrey, Jeff Daniels), full of screwball sound and fury, it streaked straight to the top of the US charts. *Postcards From America* is a gay psychodrama spiked with talent from new director Steven McLean. And *101 Dalmatians* (Disney classic) and *Far From Home* (lost mutt finds way back to folks) is an all-doggy twosome.

□ **If you have time for videos, do try the mystery-horror film *Cronos* – you could call it a Spanish *Interview With The Vampire* (only better) – and two Italian classics rich in the poetry of places and people: Fellini's *I Vitelloni* and the Taviani brothers' *The Night Of San Lorenzo*.**

Nigel Andrews

MUSIC

■ **An *adagio* movement, according to Frederick the Great's flute teacher, was one in which "all the notes, so to speak, must be caressed and flattered". *Adagio Karajan* (Deutsche Grammophon) features some of the most popular such movements in the canon, conducted with dramatic stillness and great authority by Herbert von Karajan. The recordings, which come from his twilight years, include the slow movements from Mahler's 5th Symphony, Beethoven's 7th Symphony and Bach's Suite for Orchestra No 3.**

□ **Period instrument-mania strikes *Verdi's Requiem* as John Eliot Gardiner, conducting the Orchestre Révolutionnaire et Romantique and the Monteverdi Choir, tackles this momentous work on Philips. Gardiner has paid particular attention to the authenticity of the 27 wind instruments prescribed for the work by Verdi, and to the composer's own insistence that "one must not sing this Mass in the way one sings an opera". The singers are Luba Orgonasova, Anne Sofie von Otter, Luca Canonici and Alastair Miles.**

Prince: intriguing partnership with Mavis Staples,

■ **Mavis Staples, one of the great voices of American music, once more collaborates with one of its most pretentious personalities, Prince, on *The Voice* (NPG). The title track and new single, written by the tiny one plus friends, is the most fruitful example of an intriguing partnership which has already revived Staples's distinguished career.**

□ **In brief: Shostakovich's wickedly witty jazz suites and Piano Concerto No 1 are gathered together on *The Jazz Album* (Decca), conducted by Riccardo Chailly and the Royal Concertgebouw Orchestra; *Ready for the Storm* (Mercury) is a compilation of Kathy Mattea's favourite tracks from her eight studio albums; *The Best Rock Album in the World...Ever (II)*, on the Virgin label, is every bit as dubious as its title.**

Peter Aspden

هكذا من الاصل

The vehicle maker is undergoing a radica[l] shake-up to try to spee[d] ahead of its rivals, says **Kevin Done**

Ford maps out a global ambition

Ford, the world's second largest vehicle maker, is three months into the implementation of the most radical shake-up in its 92-year history.

Under the banner of Ford 2000, the group is seeking to transform itself from a multinational organised by geography with regional profit centres into a global car manufacturing business organised by product line.

"It is proving very challenging because of the scale of the change," says Richard Parry-Jones, Ford vice-president for the group's European-based vehicle development centre. "We have not struck any rocks yet, but we are navigating very carefully."

With an annual turnover of $128bn (£80bn) and a worldwide workforce of 320,000, the US vehicle maker faces a daunting task to create a global corporation equipped to meet its self-imposed target of being "the world's leading automotive company... ultimately in every aspect of competitive comparison".

In sheer volume, Ford currently ranks well behind General Motors, the stumbling giant of the world auto industry, with factory sales last year of 6.64m vehicles to GM's 8.33m.

In profitability, it cannot match Chrysler, its smaller domestic rival, despite record net profits of $5.31bn last year.

In quality, the Ford nameplate ranked below the industry average for customer satisfaction in the US last year (according to the authoritative J.D. Power report on car marketing), and its Lincoln and Jaguar luxury *brands* also trailed behind several Japanese pace-setters led by Lexus (Toyota) and Infiniti (Nissan) as well as behind GM's Saturn nameplate.

Ford's response has been to embark on a radical re-engineering of the corporation it hopes will deliver more products and lower costs.

At the beginning of January it merged its previously independent North American and European Automotive Operations into a single organisation, Ford Automotive Operations. The next step is to integrate its Asia-Pacific, South American and African operations into the same organisation, which Alex Trotman, Ford chairman and chief executive, believes can "probably" be achieved this year.

He believes the creation of an integrated global automotive operation will allow Ford to reduce duplication, increase efficiency, spread best practices and improve economies of scale. The group estimates conservatively that it will make savings of up to $3bn a year by the end of the decade.

"We can't allow human and financial resources to be wasted duplicating vehicle platforms, powertrains (engines and transmissions) and other basic components that serve nearly identical customer needs in different markets," he says. For example, the group currently sells a Ford Escort in Europe and North America. The cars have similar dimensions, but virtually all they have in common is the name and the blue Ford oval badge.

"In the future we will have one small engine family in Europe and North America, instead of two separate families that power the same kind of car for the same kind of customer – yet are completely different and used duplicate resources in their development," says Trotman.

To try to avoid such costly duplication, Ford has taken its previously separate North American and European design and engineering activities and has merged them into one worldwide product development organisation. It has created five "vehicle centres" – four in the US and one in Europe. Each has responsibility both for the worldwide development of several car and truck ranges and their profitability.

The European vehicle centre located in the UK and in Germany has worldwide responsibility for small and medium-sized, front-wheel drive cars. This includes the Fiesta and Aspire small cars, the Escort, and in particular the Ford Mondeo/Ford Contour/Mercury Mystique range, Ford's "world car" launched in Europe in 1993 and in the US last year.

The Mondeo programme was a costly exercise at around $6bn and it took too long to execute, but it helped the group to develop and test many of the ideas, which now lie behind the Ford 2000 strategy.

While only one of the five vehicle centres is in Europe, it does have responsibility for developing vehicles in market segments, which hold the biggest potential to gain from Ford's global strategy and which are expected to account for around 50 per cent of world car sales by the next decade.

Last month, Ford was able for the first time to decide on a "unified cycle plan", its schedule for the development of new products stretching well into the next decade.

"For vehicles to be launched in 1999 we can tell pretty much anything, size, power[illegible]ain, where it will be made, production [c]apacity. We have never had the capability [t]o do this across the Atlantic before," says [T]rotman.

An early result of the new process is that [F]ord has embarked on a multi-billion dollar [w]orld car programme to develop a new [s]mall family car. The project, code-named [C]W170, will develop a range to replace the [g]roup's currently quite separate European [a]nd North American Escorts. The present [U]S Escort, developed in the era when Ford [st]ill had separate fiefdoms in North Amer[ic]a and Europe, was engineered by Mazda [a]nd is derived from the Mazda 323.

The next generation Escort, which is [ex]pected to begin production in 1998/99, will [b]e the most important volume car devel[op]ed by Ford and is expected to have an [ev]entual production capacity worldwide of [be]tween 1m-1.5m cars a year. It will replace [th]e current European and North American [Esc]orts and will be produced at plants in [th]e UK and Germany, in the US and [Me]xico, in South America, either in Brazil [or] Argentina, and probably in Asia.

[D]espite scepticism, Trotman insists that [un]der the Ford 2000 global strategy the [gro]up will still be able to take account of [reg]ional differences and local customer [pre]ferences.

"Ev[illegible] with under-the-skin components that m[illegible] be identical, the design and feel of our ve[hicl]es can be made very different to suit lo[cal t]astes," he says. "And we will still have [illegible]onal vehicles like the Lincoln Town [illegible] in North America and the Ford Transi[t illegible]n in Europe."

By f[illegible]ing the re-engineering of the corporatio[n illegible] the vehicle centres, Ford claims that it [illegible] avoid building a bigger centralised bu[re]aucracy, as it consolidates its former re[gio]nal organisations into the one unit, F[ord] Automotive Operations.

"A s[ing]le organisation doesn't mean we have centrali[sed] power – just the opposite," says Trotma[n]. "We're pushing authority and accounta[bil]ity down into the organisation as far as [i]t will go."

Bob Trans[ou], Ford group vice-president responsible f[or] manufacturing and the man who led the [re]organisation study team during the cruc[ial] early months of 1994, says that the Ford [20]00 programme is being used as "a wreckin[g b]all" to knock down all the "barriers, geo[gr]aphic or bureaucratic, that have complic[ate]d our lives for generations."

A matrix [ma]nagement system is supposed to repl[ace] the "functional chimneys" of the old Ford [o]rganisation. "As the second largest manu[fac]turing corporation in the world, Ford [ha]s had its share of bureaucratic, functional chimneys," he admits.

While some companies have decided to dismantle their matrix management system – most recently Royal Dutch/Shell last week – Ford is enthusiastically espousing the model. Parry-Jones, head of the vehicle centre for small and medium-sized front-wheel drive cars, admits there was "much heated debate" about the move to a matrix management system with its potential for confused lines of control and responsibility.

Most employees will report to two or more managers, for example, both within a vehicle centre team and in a functional discipline, such as manufacturing, finance, sales and marketing or purchasing.

Under the new system, career development is a responsibility of the functional head, while performance evaluation is the responsibility of the vehicle programme team leader. "You need accountability," says Transou. "Those that have not succeeded with matrix management did not understand that. Without accountability it is always someone else's fault. There are excuses. There are no excuses in Ford 2000, it is very clear where responsibility is."

The balance of power has been shifted to the vehicle programme teams and this has been reinforced by co-locating people.

"The first loyalty will not be to the function, say crash testing or NVH (noise, vibration and harshness), but to the car team," says Parry-Jones. "It is like a Formula One team. If a problem occurs, everyone works on it. You always race, and you always race to win. It's no use saying afterwards that the chassis worked perfectly, but it was a shame about the engine."

Ford believes it is guaranteeing empowerment by making it virtually impossible for managers to "micro manage". The entire Ford automotive operation has been flattened from as many as 14 levels of management in its largest organisations to only 7.

Above the vehicle centres, Ford has, however, centralised its strategic leadership with the creation of its single global profit centre for all automotive operations.

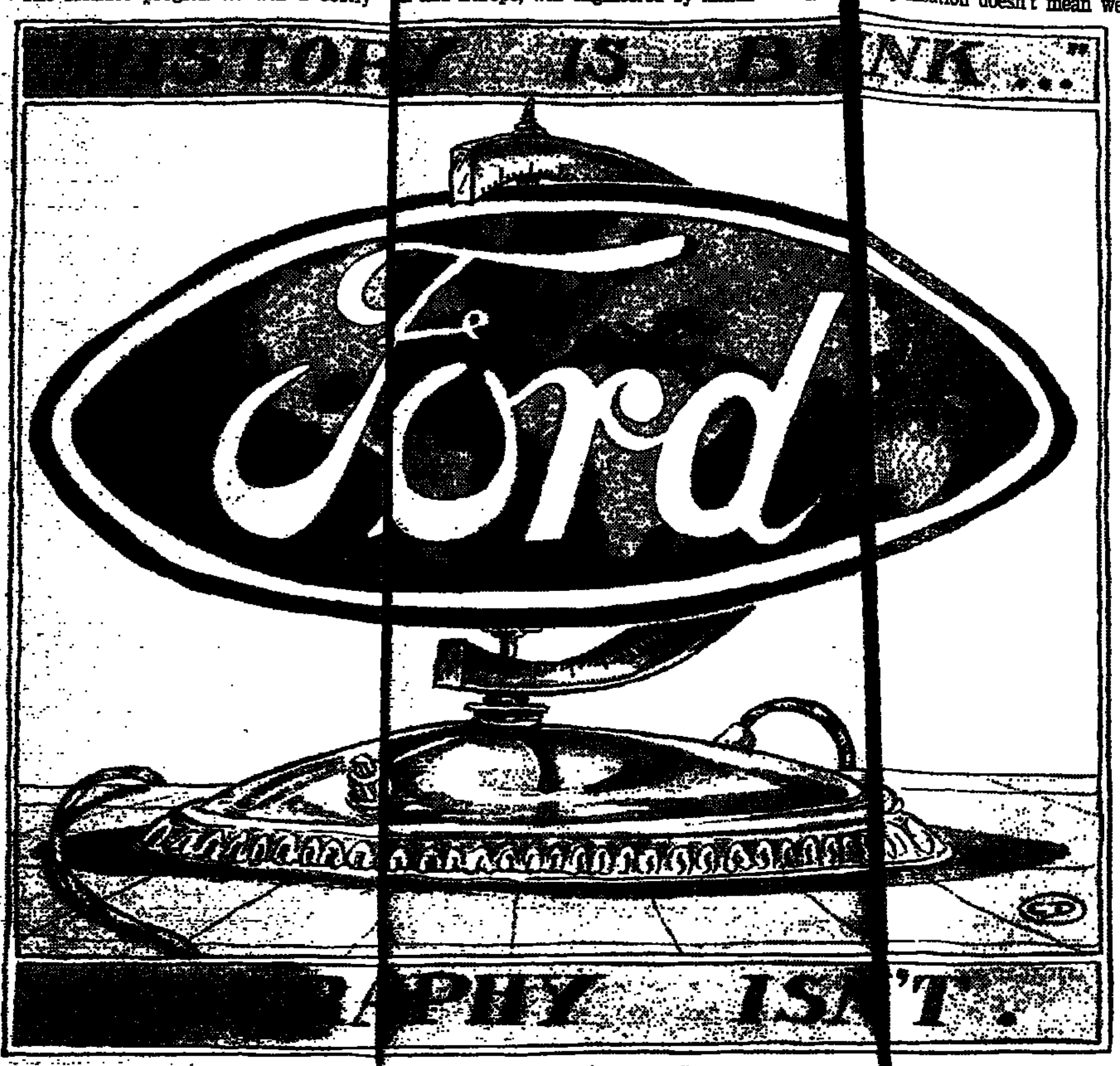
Ed Hagenlocker, president of Ford Automotive Operations, claims "by centralising decision making, we can take the broadest possible view of market opportunities, and we can develop products that serve multiple markets vastly increasing the return on every product development dollar."

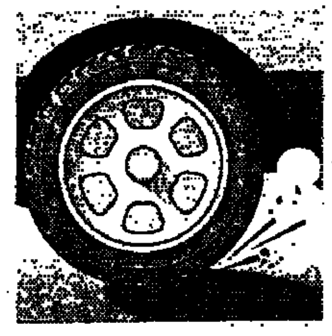
Compared with some of its rivals, Ford has been slow to accept the need to reorganise, but Trotman claims the pace of change in the global economy and in the technology of the car has made it unavoidable.

"Agreements like Nafta and the latest Gatt round, the developments in the former Soviet Union and in China, the enlargement of the European Union, all are working to make the playing field larger and more open than it's ever been before... Some people are calling the intense, fast-paced, high-stakes battle that will result from this new global market 'hypercompetition'. I call it a real dogfight."

Trotman believes the evolution of the car is also accelerating. "New technologies such as advanced electronics, ultra-light materials, computer-aided design and a host of others could change cars more radically in the next 10 to 20 years than in the last 100."

The world's carmakers face the same challenge of trying to increase the efficiency of their enormous investment programmes, while producing a greater diversity of products for existing and newly emerging markets. The Ford 2000 revolution will show if Ford has found the right way to free itself from the shackles of its corporate history in order to steal a lead on its rivals.





FAST TRACK

Chematur Engineering

The pedigree is good, the recent history not so good, but the future appears to be shaping up very nicely.

Chematur Engineering, a Swedish company which designs and builds chemical processing plants, is, in the words of chief executive Lennart Ivnäs, "a child of Alfred Nobel". Based in the central town of Karlskoga, where the inventor of dynamite based much of his Swedish operations, Chematur was previously part of Bofors and then Nobel Industries. An important part of its operations remains making powder and explosives plants.

But a management buy-out in 1989 fizzled into technical bankruptcy in 1992. Refinanced, renamed and refocused, Chematur has bounced back and in the last two years has begun to grow rapidly. It remains committed to its expertise in a range of processes from explosives through fertilisers to pharmaceuticals. But the key to achieving its ambitious targets lies in its development of sophisticated treatments that help manufacturers meet increasingly stringent anti-pollution standards.

Chematur employs 120 people, including those at Weatherly, the company's small Atlanta-based subsidiary (a further 40 work at Chematur's Indian associate in Bombay, IBI Chematur).

The emphasis is on the research and development of industrial chemical processes and the design of plants, with low overheads. Although Chematur does build turnkey projects, all the construction work is contracted out.

Development since 1992 has been rapid. Turnover more than doubled last year to SKr280m (£23.5m), attracting the attention of Bure, a listed Swedish risk capital group which became the biggest shareholder by buying a 35 per cent stake in Chematur for SKr70m. This year, Chematur expects sales – almost all outside Sweden – to reach SKr350m and it aims to reach annual turnover of SKr800m to SKr1bn within five years.

Chematur's growth formula is to aim at niches driven by environmental issues, swinging the emphasis of the company's business more towards the developed world.

A prime example is its development of plants producing hydrogen peroxide, with which the world's pulp and paper industry is replacing chlorine-based bleaching agents. Chematur is one of only two companies outside the big chemical industry giants which offer a process; hydrogen peroxide now accounts for 20 per cent of its turnover.

Ivnäs has even greater plans for Chematur's Polyad process, which is a system for recovering volatile chemicals from manufacturing emissions. A Chematur plant can, for example, clean up solvent emissions and can be applied from small factories up to the biggest industrial plants. With companies coming under legislative pressure on chemical emissions, Ivnäs says the growth prospects are enormous.

Nobel, who agonised over the military destruction his inventions spawned, would no doubt approve of such an environmentally-friendly business for one of his "children".

Hugh Carnegy

Strategies made of the write stuff

LUCY KELLAWAY

Shock, horror: 44 per cent of British companies have no written strategic plan looking more than two years ahead. This revelation, contained in a report published today by the Institute of Management, does not sound good.

The main task of directors is to set strategy, so if nearly half of them cannot see beyond their noses, they do not deserve a seat on the board at all.

Yet on closer inspection, I wonder if the news is so dire. For most companies, it is not obvious that a formal, written document of long-term strategy is essential. If the senior managers are a talented bunch who inspire confidence, all should go well.

The absence of a long-term plan does not mean that a company's focus is necessarily myopic: its directors may take sensible decisions about the future without having a document to refer to.

Moreover, the value of a long term plan is doubtful in a world that changes so fast as to make it outdated almost before the ink is dry. Worse, a plan could be harmful if managers slavishly follow it even when changed circumstances suggest otherwise.

In some cases, of course, these plans serve an important purpose. Their very existence shows that the board has given the future some thought in a disciplined way.

The document may be of slim value; what matters is that the big questions have been asked and that an attempt has been made to answer them.

I'm not sure who Shell is trying to fool with its new organisational diagram. This shows its committee of managing directors in a tiny bubble right at the bottom of the chart, lying in what the company pretentiously calls a "cradle" representing the corporate centre.

This kind of upside down structure is a recent US import, designed to get across t[he i]dea that it is the people who rea[lly] make a company what it is. Th[at m]ay be the case, but the orga[nisa]tional chart – which is mean[t t]o be a diagram showing a com[pan]y's lines of command – is not t[he] way to prove the point.

The boss is t[he] boss, and putting him at the bott[om] tells me not that Shell cares dee[ply] about all its people, but that it [ha]s fallen victim to another silly management fashion.

It was good to see Peter Middleton resigning from the board of BAA last week. His reason – that he has far too much to do at Lloyds to cope with anything extra – is one other busy executives should take note of.

It was less welcome to see the ex-US ambassador to Britain, Ray Seitz, taking on a full time investment banking job, when he already holds at least five non-executive directorships as well as positions on various arts and education bodies. Possibly Seitz is a superman workaholic who can handle it all, but if so, he is a rarity.

Becoming a non-executive director is not something to be taken lightly. These days, non-execs are expected to be both policemen and [s]trategists, and to do the job prop[er]ly they need to spend an average [of] 15 days a year in meetings, and [th]e same again in reading and prep[ar]ation.

[T]hose who do not have the time [sh]ould not take up the job, while [th]ose who subsequently find them[se]lves drowning in too much work [wo]uld do better to resign, than to [att]empt to wing it.

"[D]ear X. *Your career isn't about [m]oney, is it? I didn't think so. It's [ab]out something deeper. It's about [lea]dership. Having your say. Mak[in]g things happen. Putting your [sta]mp on the future.*"

[Thi]s racy letter has just landed on [my] desk from the circulation man[age]r of a US magazine, with an invi[tati]on to subscribe and the promise [of] a free gift.

[F]rom the tone you might have [tho]ught it was some down-market [bus]iness rag. In fact it comes from the Harvard Business Review.

It seems that the world's most respected management journal is trying to widen its appeal. Likewise, the great business school is quitting its ivory tower and teaching its students the type of thing that they might need to know in the real world.

While this emphasis on practical information is a good thing, it is sad that the sales pitch has to be quite so populist.

Presumably the marketing department at Harvard Business School knows what it is about, and realises that you don't get new readers for a magazine if you tell them at the outset that they will face 10,000 word articles with titles like Industry Structure and Competitive Advantage in the Pharmaceutical Business.

The letter raises another interesting point: if, as it suggests, the careers of these business leaders have nothing to do with money, I wonder why they need to be paid so handsomely in the first place?

BUSINESS TRAVEL

Long way to Brussels

The journey between northwest Scotland and Brussels by train has not been much improved by the new Eurostar service, according to a regular user, James Buxton writes.

Fraser MacLeod, director of the Scottish Crofters Union, which represents smallholders in north-west Scotland, says that because neither British Rail nor Eurostar will sell each other's tickets over the telephone he has to make a 200-mile round trip to Inverness station to book his journey. BR then sends him the Eurostar tickets through the post. Leaving Inverness at 6.30pm he arrives in Brussels at 5pm next day.

Coming back, he misses the overnight sleeper from Euston to Inverness by 30 minutes because Eurostar only operates three trains a day each way between Brussels and London.

Instead he has to catch the sleeper to Dundee, then take a train to Perth and another to Inverness. However, the return trip costs £180, against a weekday return flight which costs £480.

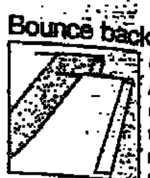
Pre-flight flutter

Travellers to Amsterdam's Schipol airport can now use their boarding card to gain admission to the world's first airport casino for a quick flutter.

Entry is free to passengers over the age of 18 with a boarding card and identification. The casino, which is open from 7am to 9pm, has an American roulette table, three blackjack tables and 75 coin-operated machines.

Winnings are paid in Dutch guilders which can be exchanged at the casino or at the airport's 24-hour banks. The casino says it has relaxed rules on dress to allow the type of casual attire often chosen by travellers. It expects 350 passengers a day to drop in.

Bounce back to Beijing



Qantas, the Australian carrier, last week reinstated its service from Melbourne and Sydney to Beijing after a gap of eight years.

The airline said that growing business links between the two countries prompted the relaunch of the service, which will be operated by 767-300 aircraft. Business-class travellers will be treated to the carrier's revamped product which features more generous seat sizes.

Air link to Syria

The UK is to resume flights between London and Damascus after they were suspended following a foiled bomb attack at Heathrow airport in 1986.

A delegation from British Airways and the transport ministry agreed to restore air links during a visit to Damascus. BA will operate two London-Damascus flights a week, while Syrian Arab Airlines will run four flights and British Mediterranean two.

Italian strikes

Plans for a series of strikes by Italian train-drivers, airline staff and sailors are set to disrupt travel in Italy over the next week. Scheduled and charter flights of Meridiana, the private Italian airline, could be subject to delays and cancellations on Friday April 7, when pilots and flight assistants plan to strike between 11am and 3pm, and ferries will not run on Thursday April 6, because of a 24-hour national strike by sailors and administrative personnel.

Likely weather in the leading business centres

	Mon	Tue	Wed	Thur	Fri
Tokyo	15	16	15	17	16
Hong Kong	19	23	20	21	22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Frankfurt	18	19	18	17	16
New York	13	17	8	9	8
L.Angeles	24	23	22	24	20
[illegible]	24	[illegible]	22	23	[illegible]
Paris	20	21	18	18	19
[illegible]	[illegible]	[illegible]	[illegible]	15	[illegible]

Maximum temperatures in Celsius

Information supplied by Meteo Consult of the Netherlands

Airlines get caught on the hop

Kieran Cooke looks at what you can expect from shuttle flights

Short-hop shuttle flights should be as easy as bus or train travel. They should be convenient and cheap. That is the theory. But the reality is often different, particularly on European routes where the system seems to discriminate against travellers who need to fly today – not in seven or 14 days' time.

But some shuttle services are better than others.

● **London-Belfast:** There seems to be an infinite variety of deals, but only for those willing to travel at any time and spend hours cross-checking with various airlines and travel agents.

Home on a quick trip, I decided to fly to Belfast. There was no problem booking a ticket with British Airways for the next day by phone, for collection at the airport on production of credit card details. But the price, at £153 return, seemed over the top. On such flights you always sit next to someone who has paid about £100 less for a ticket. You feel like strangling them.

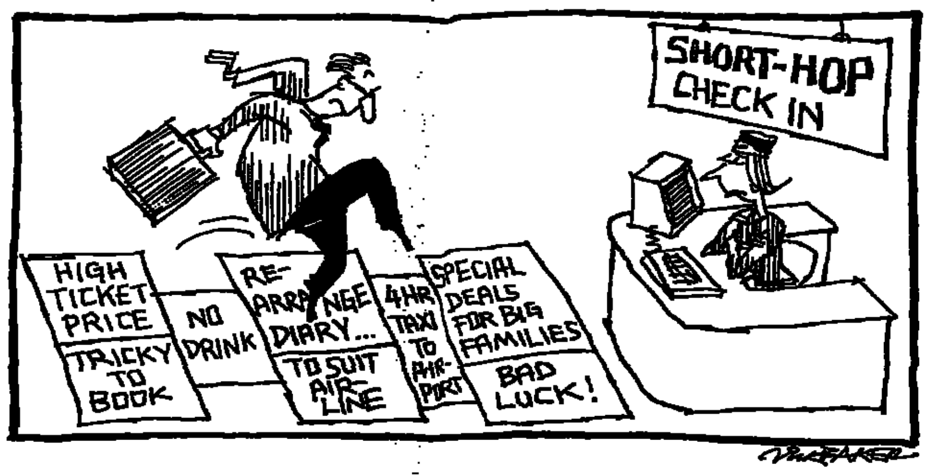
The flight took just over an hour. Service was good: free drinks, an open ham sandwich, a few grapes and a Jamaica ginger cake bar. Check-in at both ends was straightforward. But why does it take so long to get from central London to Heathrow? I travelled with Seamus Mallon, the MP for South Armagh in Northern Ireland. "The Tube ride is the killer," he said. "If I have to come to parliament and get back to Armagh the same day, I spend eight hours travelling." Heathrow also needs a rail station: who wants to take a bus to Reading for rail connections to the north?

The good news is that a new airline, Air Belfast, recently started a five-flights-a-day service in both directions between London Stansted and Belfast, and has been offering very cheap no-restriction introductory fares of £70 return. Air Belfast is bound to ginger up competition on the route, which ought to see big gains in traffic as a result of the Northern Ireland peace talks.

● **Kuala Lumpur-Singapore:** Flying this busy route is simple enough. Malaysia Airlines (MAS) and Singapore Airlines (SIA) operate a shuttle service at approximately 45-minute intervals throughout the day. Passengers who turn up with no reservation usually get a seat. The flight takes about 45 minutes. The economy return fare on both MAS and SIA (tax included) is M$336 (£82). The first class return fare is M$456. Tickets purchased through travel agents or at the airport are the same price.

Service is limited: a soggy bun or piece of cake and tea, coffee or orange juice in steerage, while free drinks and meals are served in first class. MAS squashes people into its 737-400s, while SIA flies Airbuses and occasional Jumbos.

Getting to the airport from central Kuala Lumpur can be a traffic-congested nightmare. KL airport is overcrowded and tatty and check-in procedures can take time. The taxi ride along Singapore's manicured highways to the airport usually takes no more than half an hour. Once there, check-in is handled with cold efficiency. For some peculiar reason, flights between Malaysia and Singapore are described as charters and passengers are not allowed to purchase duty-free goods. This is annoying, as alcohol in both countries is prohibitively expensive.



● **Nice-Paris:** If shuttle passengers in Britain have it tough, spare a thought for those in France. An economy return costs no less than FFr2,198 (£77.50), a business return FFr2,900. Reductions are available if you stay in Paris for a Saturday night, if you are under 25, over 60, or if you are with your family – none of which is likely to be of much use to the business traveller. Journey time is 1¼ hours. Air Inter, Air France and the new AOM airline fly the route, all charging the same fares. One regular traveller rates Air Inter as the least comfortable and AOM as the best, with free food and wine. Air Inter flies to both Charles de Gaulle and Orly. Air France goes to Charles de Gaulle, AOM to Orly. A coach or fast train from both airports to the centre of Paris takes about half an hour. Nice's airport, about 5km from the city centre, has recently been revamped and has excellent facilities. Tickets are the same price whether purchased at travel agents or the airport.

● **Sacramento-Los Angeles:** Travellers between these Californian cities can fly to either the main airport in LA or the smaller Burbank airport. One regular traveller chooses the latter because he only has to walk a short distance to a rental car ($40 a day, no mileage charge) whereas he has to take a shuttle bus to the rental facility at LA airport.

There are flights throughout the day with Southwest Airlines or the United shuttle. Journey time is 65 minutes. The flight costs $138 (£86.25) return, or $78 if you book seven days ahead. Our regular flier buys his ticket with a Citibank Visa card and gets a free airline mile for each $1 charged. Tickets are the same price at a travel agent or at the airport. It takes about 15 minutes from downtown Sacramento to the airport. Car parking is $12 a day. Embarkation procedures are simplicity itself. Service on board is casual but efficient.

On Southwest, flight crews are dressed in tan shorts and polo shirts. On a pre-Christmas flight a steward sang a carol over the intercom: everyone clapped. There is free seating, plus complimentary coffee or soft drinks but no food.

● **Verdict:** Mile for mile, American air travellers are flying high. US in-flight service might not match European or Asian standards, but paying $100 to $200 less for a ticket is preferable to a free sandwich. A few short-haul flights in the far east offer good value, but apart from Singapore the region's airports lack supporting infrastructure. The taxi ride to Bangkok airport can take three or four hours at peak times.

Europe's air commuters are the worst off. In France they pay outlandish fares and in Britain they have to organise their lives around flights in order to save a few pounds. Why can't there be a more streamlined pricing system? But that would be too simple – just what shuttle flying is supposed to be all about.

Tough choice in Munich

AN HOUR TO SPARE

Standing in the middle of Munich's Königsplatz, you are faced with a difficult choice. On one side rises the Glyptothek, the sculpture gallery built by Leo von Klenze to house King Ludwig I of Bavaria's outstanding collection of Greek and Roman sculpture. It is one of the world's most perfect small museums.

On the other is a second Greek Revival temple dedicated to the arts, the Antikensammlungen. It offers sanctuary to an impressive group of Greek red and black figure vases – including Ludwig's own collection – and spectacular Greek and Roman gold.

Klenze's galleries were originally richly stuccoed, gilded and frescoed, and paved with coloured marbles. Partially destroyed in 1944, their handsome barrel-vaults, walls and coffered domes have been left bared to chalky, plaster-washed brickwork. Limestone flags line the floor.

Rooms I and II alone justify a visit. The first lays claim to the perfectly preserved 5th century BC Archaic Kouros of Tenea – a life-size grave statue of a slender young man in gleaming white marble, naked, upright and unmoving but possessed of an extraordinary inner energy and serenity, an enigmatic smile playing across his lips.

In striking contrast to his purity of spirit and form is the famous Barberini Faun dominating Room II. The colossal muscular satyr is a triumph of the sculptor's art and is almost baroque in conception. He lies in a drunken stupor against a rock covered with a panther skin. His left arm hangs limp while the right arm is raised above a head of tousled locks entwined with ivy and berries. His lips are parted, his legs wide open.

In the Antikensammlungen his master, Dionysus, is depicted in his ship in a wine cup by the great Exekias, surrounded by vines and dolphins. Stylised horses parade across an Attic amphora by the Amasis Painter and Euphronios depicts Herakles' companions stealing the cattle of Geryon.

Its lower floor boasts a glass "cage" cup from the 4th century (Cologne), covetable Etruscan gold jewellery and a great gold funerary wreath from 4th century BC from southern Italy.

This astonishingly delicate garland of oak leaves is entwined with ivy and studded with bees and little winged geniuses from the Fields of the Blessed.

Susan Moore

THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

■ **TODAY**
AAH 4.2% Pf 2.1p
Abbey Natl Treas 8% Gtd Bd '03 £80.0
Aerospace Eng 0.25p
Allied Textile 8.8p
Alvis 0.5p
Do 5½% N/Vtg Pf 2.75p
Baxter Int $0.2625
Bowater $0.06
Brunel Cv Pf 2.3p
Burford 1p
Carlton Comms Cv Pf 2.75p
Craig & Rose 5% Pf 1.75p
Crest Nicholson 5½% Cv Pf 2.75p
Dyson (J & J) 1.5p
Do A N/Vtg 1.5p
Electron Hse 7½% Cv Pf 3.75p
Fleming High Inc Inv Tst 1.15p
Gen Accident 7⅞% Cm Pf 3.9375p
Granada 6.67p
Hambros 7½% Pf 3.75p
Hampson Inds Cv Pf 91/2003 3.25p
Heywood Williams Cv Pf 3.375p
Hydro-Quebec FRN Ser IJ Oct 05 $137.45
Kuala Lumpur Kepong M$0.10
Leo 1 A1 FRN '35 £1058.69
Do A2 £1791.53
Leo 2 A1 FRN '32 £143.14
Do A2 £169.91
Maruetsu 6.45% Bd '97 Y645000.0
Met Water Lambeth 3% Db £1.50
Do London Bridge Anns £1.25
MITIE 1.3p
Morton Sundour 3½% 1st Pf 1.75p
Mosaic Invs 1p
Murray Split Cap Tst 2.65p
Do Units 26.5p
Nat Home Loans FRN '95 $2.02
New Zealand 8% Bd '97 $400.0
P & O 5% Pf £1.75
Pepsico Cap 8% Cv Db '96 $80.0
Premark $0.20
PSIT 2p
Ransom (Wm) 0.769p
RCO 11.05p
River & Mercantile Small Co's 1.25p
Sabre Lease Mngmt 7¼% Mezz Nts '01 £181.25
Do 5.8% Snr Nts 2001 £1450.0
Seacon 1.43p
Sears Roebuck $0.40
Second Alliance Tst 14p
Do 4½% Pf £1.575
Smith (WH) 5.25p
Standard Chart 7⅜% Irrd Pf 3.6875p
State Bk NSW 8% Bd '03 NZ$80.0
Sun Alliance 7⅜% Irrd Pf 3.6875p
Towry Law 1.5p
TR Far East Inc Tst 1.5p
TSB 5.48p
Unitech 2.57p
Usher (Frank) 3.5p
Willis Corroon 1.65p
Worthington 0.7p

■ **TOMORROW**
Banks (Sidney C) 3.5p
Burtonwood Brew 7% Pf 2.45p
Halifax Bldg Scty 9⅜% Nts '95 $93.75
Sinclair (Wm) 1.8p
Tarmac (Fin) Jersey 9½% Cv Bd '06 £47.50
Ward Hldgs 1p
Yeoman Inv Tst 1.8p

■ **WEDNESDAY APRIL 5**
Amicable Smaller Ent Tst 1.4p
Annuities 2½% £0.625
Annuities 2¾% £0.6875
Asda 0.61p
Bk Melbourne FRN '97 $16.88
Blick 8p
Bradford Prop Tst 10½% Pf 5.25p
Cleveland Place 3¾% Irrd Db £1.875
Do 4¼% Irrd Db £2.125
CRH 7% A Pf IR2.625p
Fleming Ent Inv Tst 1.45p
Galliford 0.5p
General Cons Inv Tst 2.4p
Hollas 0.3p
Kleinwort High Inc 2p
Lazard Smaller Eq Inv Tst 0.25p
Met Water Grand Junction 3% Db £1.50
Do West Middx Water 3% Db £1.50
Misys 3.45p
Scottish Am Inv Tst 1.22p
Securicor 2.6p
Do A N/Vtg 2.6p
Do 4.55% Ptg Pf 51.415p
Security Services 4.851p
Treasury 8% 2002/06 £4.0
Treasury 3% £1.50
UK Estates 0.1p

■ **THURSDAY APRIL 6**
Adscene 3p
Ashtead 1.6p
Bampton Prop 7¾% Un Ln 91/96 £3.875
Barbour Index 2.85p
Barr (AG) 5.8p
Beale 4.8p
Bellway 9½% Pf 2014 4.75p
Bromsgrove Inds 1.7p
Bullough 4.3p
Caldwell Invs 0.6125p
Cantors 1p
Carlton Comms 12.5p
Cassidy Brothers 0.75p
Cray Elec 1p
Dalepak 1p
Electron House 1.55p
Electronic Data Processing 1.333p
Essex Furniture 2.1p
Eurocopy 1.4p
Finelist 1.7p
First leisure 4.9p
Gibbs Mew 4p
Gold Greenlees Trott 2p
Greenalls 8% Un Ln £4.0
Do 9⅛% Un Ln £4.5625
Guinness Fin 6½% Gtd Nts '95 $65.0
GWR 7.5p
Hawtin 0.875p
Heath (S) 1.5p
Heavitree Brewery 3.5p
Do A Lim/Vtg 3.5p
Honeysuckle 1p
Intercare 2.8p
Irish Permanent FRN '98 £169.21
Jacques Vert 2.25p
Jones Stroud 3.5p
Kleeneze 1.5p
Lonrho 1.25p
Marshalls 1.5p
Matthew Clark 8p
McMullen 6½% Pf 3.25p
Do 10½% Pf 5.25p
Menvier-Swain 1.6p
Microgen 5.05p
Mid Wynd Int Inv Tst 2.6p
NFC Var Vtg 2.6p
Nippon Credit Bk Gtd Fltg/Fxd Rate Oct '04 $3207.12
Peel 1.7p
Prospect Inds 0.56p
Quayle Munro 3p
Regent Inns 2.25p
Rubicon 2p
Ryland 0.27p
Saville Gordon 1.1p
SEP *Ind* 0.6p
Severn Trent 8.23p
Southern Water 8.45p
South West Water 9.1p
Sturge 2p
Sutcliffe Speakman 0.25p
UK Rents 9.1% Bd 2025 £22.75
Wessex Water 4.4p
Westminster health Care 2.1p
Westpac Banking FRN '95 *$30.05*
Whitbread 9% Un Ln 97/2001 £4.50
Widney 0.2p
WMX Tech $0.15

■ **FRIDAY APRIL 7**
Baldwin 2.4p
Brad & Bingley Bldg Scty 10½% Pf 5.25p
British Assets Tst 1.095p
Brooke Tool Eng 0.1p
Browning-Ferris $0.17
Brunner Inv Tst 3p
Colefax & Fowler 0.7p
Countryside Props 2.8p
Courts 2p
Cowie 6.4p
Domino Printing 6.4p
Eng & Caledonian Inv 1.25p
Eurotherm 3.5p
Fleming Am Inv Tst 1.3p
Fyffes IR1.0864p
Hill & Smith 4.2p
Kershaw (A) 24.25p
Kleinwort Charter Inv Tst 3.9p
Koito Mfg 6½% Bd '99 Y650000.0
Liberty Life Assoc Af R1.08
London Fin & Inv 0.6p
Manakin 10p
MBE Fin Gtd Dual Basis Bd '04 $31976.39
ML Hldgs 0.3p
Photo-Me Int 1.5p
Ramsdens (Harry) 3.5p
Rank Org 9p
River & Mercantile Tst 2.45p
Schlumberger $0.30
Scottish National Tst 1.55p
Selective Assets Tst 1.6p
Shani 4.2p
Siebe 4.03p
Stakis 0.9p
Syndicate Cap Tst 1p
Tomkins 2.43p
Torex Hire 1p
Trust of Prop Shares 1.6574p
Warner Estate 7.5p
Wholesale Fittings 3.23p
Wyko 0.5p
Yorkshire Chemicals 5.85p

UK COMPANIES

■ **TODAY**
COMPANY MEETINGS:
Baldwin, The Registry, Royal Mint Court, E.C., 10.00
TR Pacific Inv. Tst., 3, Finsbury Avenue, E.C., 12.30
BOARD MEETINGS:
Finals:
Anglo-Eastern Plants
Auto Precision
Bemrose
Burmah Castrol
Centex
Cassell
Caverdale
Delancy
Densitron Int
Fortune Oil
Headlam
London & Manchester
Morgan Crucible
Radamec
Reece
Simons
Transtec
Utd Industries
Whitchurch
Interims:
Barry Wehmiller
Creston Land
Pittencrieff

■ **TOMORROW**
COMPANY MEETINGS:
Blagg, 55, Colmore Row, Birmingham, 11.30
Lazard Smaller Equities Inv. Tst., City of London Club Old Broad Street, E.C., 12.00
BOARD MEETINGS:
Finals:
Argent
Boxmore Int
Brooks Service
CLS
Clinical Computing
Dagenham Motors
Home Counties Newspapers
JBA
Malaya Grp
Ross Brothers
Style
Trafficmaster
Utd Friendly
Vymura
Interims:
Allied London Properties
Sunset & Vine

■ **WEDNESDAY APRIL 5**
COMPANY MEETINGS:
BWD Securities, Woodsome House, Woodsome Park, Fenay Bridge, Huddersfield, 11.30
Finsbury Smaller Co's. Trust, Great Eastern Hotel, Liverpool Street, E.C., 12.00
Metal Bulletin, Stationers' Hall, Ave Maria Lane, Ludgate Hill, E.C., 12.00
Serco, Serco House, Hayes Road, Southall, 10.00
BOARD MEETINGS:
Finals:
Aegis
City Centre Restaurants
Clydeport
David Brown
Dolphin Packaging
Laird Grp
Prime People
Rugby Estates
Sherwood Grp

■ **THURSDAY APRIL 6**
COMPANY MEETINGS:
Baltic, Browns Hotel, Dover Street, W, 11.30
Cowie, The Brewery, Chiswell Street, E.C., 11.30
First Choice Holidays, Farmers & Fletchers Hall, 3, Cloth Street, E.C., 3.00
Lloyds Abbey Life, Millbank Tower, 21-24 Millbank, S.W., 12.00
Lowe (Robert H), 29, Gresham Street, E.C., 12.00
Moorfield Estates, The Registry, Royal Mint Court, E.C., 11.00
Ramsden's (Harry), Harry Ramsden's Restaurant, White Cross, Guiseley, 11.00
S.E.P. Industrial, Chartered Insurance Institute, 20, Aldermanbury, E.C., 12.00
Serif, Belstead Brook Hotel, Belstead Road, Ipswich, Suffolk, 10.00
BOARD MEETINGS:
Finals:
Bostrom
Brammer
Culver Hldgs
Eclipse Blinds
Ennemix
Kingspan
McAlpine (A)
Quicks
RAP Grp
Scholl
Swallowfield
Walker Greenbank
Watts Blake Bearne
Interims:
Diolds (J)
TR Far East Inc Tst
Wardle Storeys

■ **FRIDAY APRIL 7**
COMPANY MEETINGS:
Lex Service, 17, Connaught Place, W, 11.30
St. Modwen Props., Butchers Hall, 87, Bartholomew Close, E.C., 12.00
BOARD MEETINGS:
Finals:
Bailey (Ben) Construction
Middlesex Hldgs
OIS Int Inspection

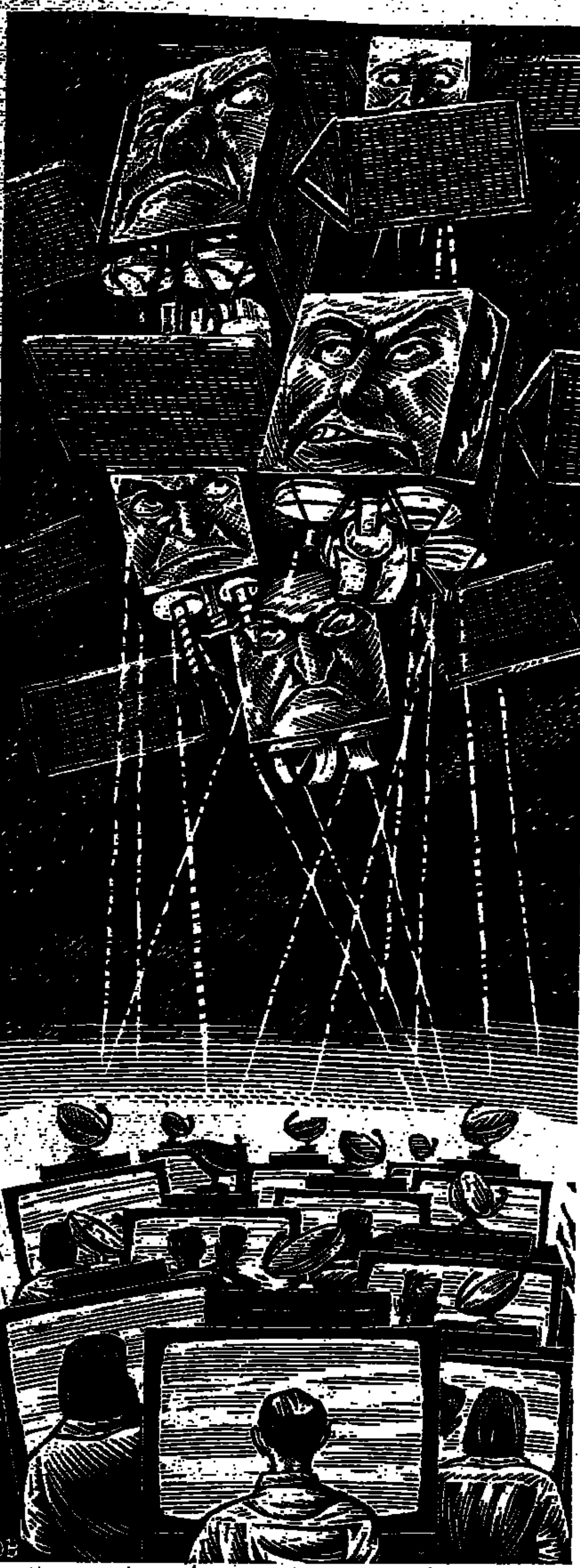
Company meetings are annual general meetings unless otherwise stated.

Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

MEDIA FUTURES

European TV: watch this space . . . and this one . . . and this one . . .

Raymond Snoddy looks at the prospect of more than 500 channels across the continent



A digital television revolution is about to engulf Europe. Within two years viewers will be offered a choice of programmes on a hitherto unimagined scale. Satellites already launched or under construction will be able to broadcast more than 500 channels across the continent.

The clear outline of the digital TV future can already be seen in the US where since last year DIRECTV has been broadcasting 150 channels to satellite dishes the size of dinner plates. Manufacturers expect about 1m dishes to be installed in the US by the middle of this year. The programming packages range from Commercial Choice, a 24-channel system aimed at bars and restaurants, to a variety of sports channels, including the NFL (National Football League) Sunday Ticket, which covers ten of 12 "out-of market" American football games – showing west coast games on the east coast, for example – every Sunday.

All of Europe's main subscription TV companies, including Canal Plus in France, Nethold, which owns Filmnet with seven pay TV channels in 13 European countries, and British Sky Broadcasting, in the UK, have decided that digital satellite TV is the future and are at advanced stages of planning.

Hundreds of millions of pounds are now being staked on the hope that a significant proportion of the viewing population of Europe will be prepared to pay for much wider choice of programmes. For the consumer, apart from subscription charges and a move towards pay-per-view (paying a charge to see an individual film or sports event), there will be the cost of a new black box to decode the digital picture.

SES, the Luxembourg-based company that operates the Astra TV satellite system, plans to launch three all-digital satellites within the next two years, the first due up in September. Together they will have 56 transponders – the device that receives and retransmits the signal from earth for, what is at present, a single TV channel. On the digital satellite each transponder will be able to broadcast perhaps as many as ten channels. The precise number is determined by a trade-off between the number of channels and the picture quality required.

The size of the growing commitment to digital TV can be judged by the fact that more than 90 per cent of the capacity of the three Astra digital satellites has already been either contracted for, or is under option.

At the same time Eutelsat, the European satellite organisation which is a consortium of the main European PTTs, is also launching three Hot Bird satellites – the first was successfully placed in orbit last week and offers the option of using either the existing analogue technology or digital.

The great increase in choice offered by digital TV, and the big reduction in the cost of broadcasting each channel, is made possible by digital compression technology. With analogue, every line and frame of the picture is always transmitted, even though there are relatively few changes from line to line and frame to frame. When the picture is turned into a flow of binary numbers in digital only the difference between successive lines and frames are actually transmitted. Digital storage techniques then allow the original picture to be recreated and it is a picture that does not suffer from interference. The viewer has either got perfect reception or none at all.

Although there are still some technical issues outstanding, such as the finalising of standards, the big questions hanging over digital TV are those relating to business rather than technology. For example, will the audience be prepared to pay for the new receiving equipment needed to obtain the greater choice of programmes?

"We think it's an essential part of the development of TV. We must be on the leading edge of it," says Robert Hersov, of Nethold. He also concedes it is a big risk. Nethold, which already uses digital technology developed by NTL of the UK to broadcast Filmnet to Canal networks, will launch its digital satellite service to the consumer before the end of this year. It will use both Astra and Eutelsat satellites.

Pierre Lescure, chairman of Canal Plus, sees the challenge of digital TV in a rather defensive French way. "Partly it is a matter of French pride. If French channels do not go up there in digital it will be Americans, Germans, everyone," says Lescure, who will probably start with an initial 18 channels this October.

In the UK, BSkyB, in which Pearson, publishers of the Financial Times, holds a significant stake, is cautious and has not formally decided to go ahead, although detailed planning work is already being carried out which almost certainly includes options for Astra digital channels.

Sam Chisholm, BSkyB chief executive, regards the arrival of digital TV, and the extra choice it can offer, as inevitable and that joining the digital revolution is therefore only a matter of timing. BSkyB, has an installed base of around 3m homes with dishes.

But what would be shown on more than 500 channels across Europe? Such a total would of course include packages of distinct services aimed at the main language markets – English, French, German and Italian. But BSkyB is, for example, talking about offering 120 or more channels.

One of the main financial drivers of this development, it is hoped, will be near-video-on demand, which takes the idea of a subscription film channel considerably further. Fifty or 60 digital channels would be dedicated to showing the top ten films of the moment. Each film would be shown on five or six channels but with staggered starts so that the potential customer, for say $5, would never be more than 20 minutes away from the start of a hit movie. The other use of the extra channel capacity would be multiplexing – turning a single existing channel such as a movie channel into three or more channels and showing the films or programmes in different order, again to increase viewing opportunities.

The low transmission cost also makes it possible to offer a larger number of channels, including potentially more specialised TV. For example, the US already has The Golf Channel.

Digital technology can also bring extra choice to those who do not have satellite dishes by increasing the capacity of cable TV networks or broadcasting digital channels from land-based transmitters to normal roof-top or even set-top aerials. Both NTL, the privatised engineering and research wing of the old Independent Broadcasting Authority, and the BBC have recently demonstrated high quality digital terrestrial pictures.

The BBC, in the first live transmission to a set-top aerial broadcast widescreen digital TV with clear cinema-style pictures. Most parts of the UK would be able to receive at least 12 digital terrestrial channels within the existing frequency spectrum, although the four existing channels, and Channel 5 to come, would have to be broadcast in analogue for 10 to 15 years to cover those who do not have digital equipment.

In business terms digital satellite TV in firmly in the lead at the moment. Digital terrestrial could get under way in the UK by 1997 but only if it gets the support of all the UK's main existing broadcasters, consumer electronics manufacturers, retailers and the government, which will have to produce a new regulatory framework for the new channels.

Time to censor cyberchat

Tim Jackson

with the first of a weekly column

Wanted: enthusiasts, experts and hobbyists in any one of a hundred different fields, ranging from lepidopterology to UFOs. Duties: chairing discussions between other enthusiasts. Hours: entirely flexible. Place of work: home, office or beach, in your choice of 40 countries. Salary $12,000 basic, with generous performance-related bonuses.

No such job advertisement has ever appeared in a newspaper. But a similar offer has been publicised over recent months on the Microsoft Network, an international online service due for commercial launch this August.

As with many other occupations in the information age, there is no agreed title for the job. Microsoft calls it "forum manager" while others call it "system operator", or "sysop". Ten years from now, those who perform it will probably just be called "moderators" – and will be recognised as among the most important people of the electronic media age.

The trend that has created such work is the growth in popularity and scope of electronic bulletin boards. Having started as private information services, usually accessible to a few hundred users by private subscription, bulletin boards became available to millions of Americans by virtue of being bundled in with online services such as CompuServe, America Online or Prodigy, and are now open to the tens of millions across the world hooked up to the Internet.

The principle is simple enough. Discussion groups are arranged into different categories, known as "forums" on the online services and "newsgroups" on the Internet.

Users dial in and see a list of messages, together with the name of each message's author and the date and time of posting. The messages can be arranged in "threads" so that readers can follow the cut and thrust of each debate separately, adding their own thoughts if they wish. Proof of their popularity is that more than 120 megabytes of messages – the equivalent of half the volumes of the Encyclopedia Britannica – are posted on 14,000 different Internet newsgroups each day.

In principle, a system of sharing information across a large range of specialised subjects ought to be of great value to humanity. At minimal cost, it can put in touch people with esoteric shared interests who live thousands of miles apart.

But electronic discussion groups have not yet lived up to their enormous promise. Since anyone is free to contribute, and only the most egregious obscenities or illegalities are filtered out by those who operate these systems, the messages tend to be tiresome and repetitive – and the newsgroups tend to attract cranks and timewasters. It is no wonder that purveyors of chain letters and Holocaust revisionists are enthusiastic contributors, nor that debate often turns into abuse and acrimony.

Only a minority of discussion groups, many of them concerned with computer hardware and software, have managed to avoid this fate. In most areas, the very professionals and specialists around the world who could derive most benefit from this wonderful information-sharing technology rarely use it. In the upper ranks of companies and universities, reading newsgroups and discussion forums is viewed as the intellectual equivalent of panning for gold: a wasteful business, in which it takes hours of mud-sifting to find each nugget.

In an attempt to do better, Microsoft is trying to find people with real knowledge and expertise in their chosen subject, who will be able to promote friendly and interesting exchanges in its network. The bonuses paid to network managers will not depend solely on the number of hours that customers are connected to their services, but on a broad range of criteria such as the number of messages posted and files downloaded, and the frequency of contributions by prominent outsiders.

Computer skills will be less important than is traditional: Microsoft only asks that its forum managers should be familiar with its new Windows 95 operating system, and be able to solve basic telecommunications problems.

But this approach still concentrates too much on quantity. Without quality control, busy people will be reluctant to search even if they know that valuable material is there to be found. Microsoft defends its strategy by saying it is "not in the business of censorship".

Commercially, this may be a wise stance: accustomed to the thrill of seeing their own contributions published electronically, traditional discussion-group users may take offence when a modulator sends them a rejection slip. Until some form of editing is possible, though, the achievements of electronic discussion groups will never match their potential.

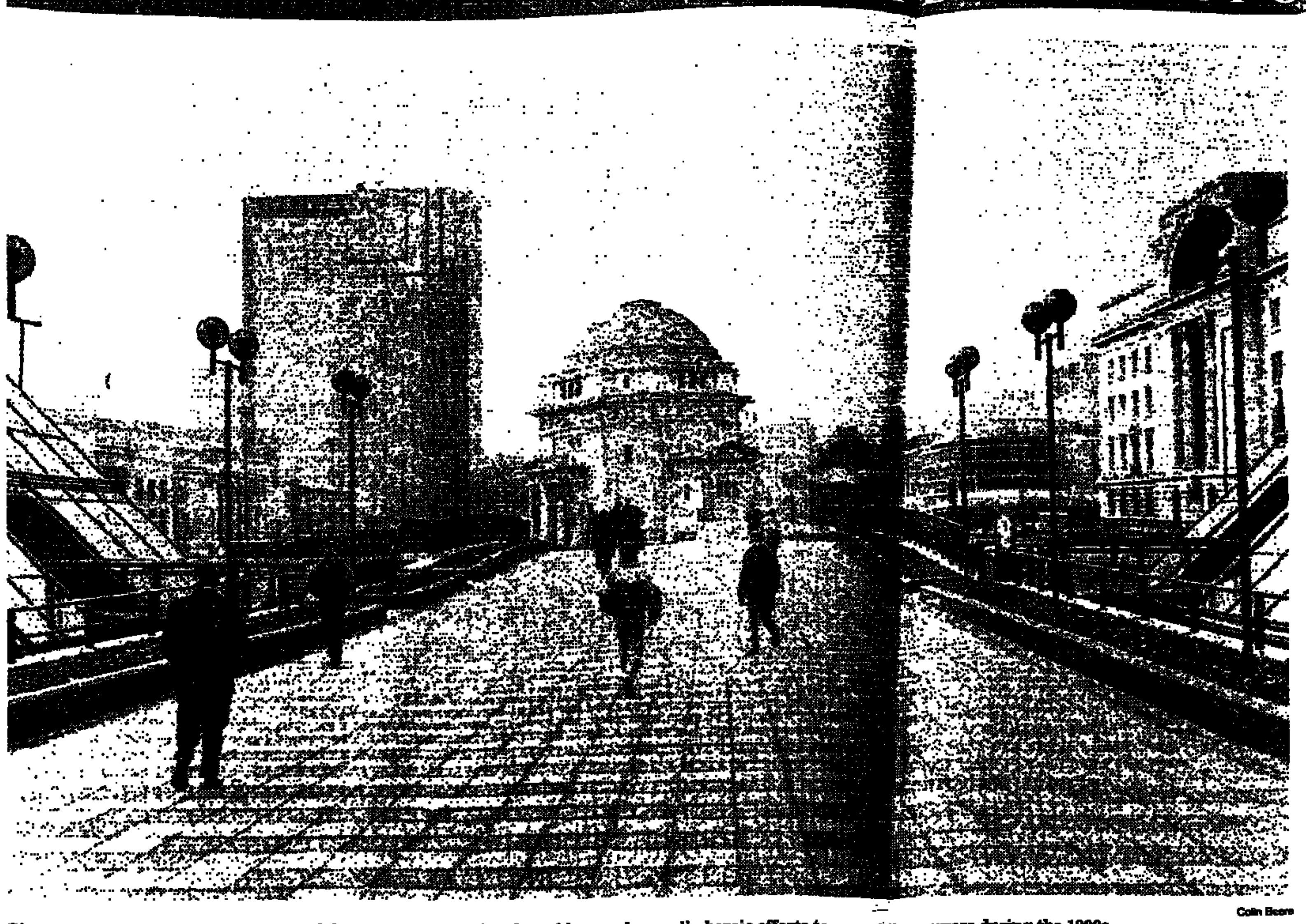
One solution is to use the very technology that made electronic discussion possible. Software can help readers filter out material or people they want to avoid, and search speedily for subjects or comments that interest them.

Toes are already being dipped in this water: some discussion groups place new messages in the middle of the list and promote them towards the top as more people read them – in the hope that the most-read messages that appear at the top of the list will be the best.

Ultimately, the most valuable discussion groups will be those whose managers become true moderators. Like newspaper editors or television producers, they will publish only the messages they consider truly worth reading; and they will actively solicit contributions rather than wait for others to bring ideas to them.

With active moderators, electronic forums can become the equal of magazines in their field, but with a spontaneity and freshness that only telecommunications can bring. Until the obsessive fear of "censorship" can be put aside, however, most electronic discussion is doomed to stay at the level of the radio phone-in.

Tim Jackson: *@pop3.demon.co.uk*



Colin Beere

Birmingham: it made all the mistakes of the 1960s on a grand scale and has made equally heroic efforts to correct those errors during the 1990s

A telling tale of two cities

Colin Amery takes an enthusiastic view of redevelopments in Birmingham and London

In the last week a tale of two cities has been unfolding in telling ways. John Gummer, secretary of state for the environment, has announcement his department's planning strategy for London, and Argent, a private developer, recently unveiled its plans for a key part of the centre of Birmingham. This looks like a model piece of inner city regeneration.

There are real signs of hope in both these announcements because underlying both is an unspoken admission that the planning attitudes of the motorway mentality are fundamentally changing. Birmingham is a text book case of urban planning. It made all the mistakes of the 1960s on a grand scale and has made equally heroic efforts to correct those errors during the 1990s. In London things have taken longer because of the lack of any kind of capital-wide government and the attitudes of many London boroughs. Gummer's new London blueprint may well be the guidance that has for so long been lacking.

The part of Birmingham that looks set to be a model of urban regeneration is Brindleyplace. It lies to the west of Centenary Square where the new International Conference Centre stands. Until the area was designated for improvement it was a derelict and disappointing canalside dump.

Argent bought Brindleyplace from Rosehaugh when that company went into receivership. It had outline planning permission based on a masterplan by John Chatwin. Chatwin reviewed his plan for the new owners and incorporated some of the important work from two other sources. One was Bill Hillier, a planner from University College London, who uses a special software programme – Space Syntax – to analyse and predict pedestrian movements. The other was a local community group, "Birmingham for People", which is effectively co-ordinated by the Birmingham School of Architecture.

The key to the success of the Birmingham plans are that they are based on a mixture of uses for the eight-hectare site – housing is alongside business accommodation, art galleries and other leisure facilities. There is car-parking provision for up to 2,500 cars but the scheme is not car dependent.

Architecturally the scheme for Brindleyplace is also sensibly mixed. There is room in our cities for well designed contemporary buildings that can combine function and vision. In Birmingham there will be a remarkable facility for an inner city, a Sealife Centre – a kind of giant aquarium designed by Sir Norman Foster. There is a new pedestrian square which has already been completed to the designs of the Townshend Landscape Architects. It has fountains and high quality York stone paving. Sculptures have been commissioned.

Birmingham's record as a commissioner of public art is second to none in Europe. Piers Gough has designed a light hearted and agreeable cafe which will be seen against a powerful office building designed by Porphyrios Associates and built in traditional materials.

There were two handsome older buildings on the site, a Christian Science Church and a listed 1877 Board School which has been restored by the Levitt Bernstein practice. This will be used for the Ikon Gallery and has just received some much needed Lottery funding. There will also be a new theatre by the canal. The developers took the unusual step of completing shopping and restaurant schemes as the first phase along the canal. These will act as effective magnets for the office developments that will follow to give Birmingham a second commercial area to match the Victoran Colmore Row.

Homes have not been forgotten in the early phases and some 150 residential units are under construction. A sensible planning deal was struck with the developers not to build more than 50,000 square metres of offices until some residential space was also built. All the signs are that Birmingham has cracked the inner city problem in a way that is much talked about but seldom built. Mixed uses and a catholic mixture of architectural styles is what makes good cities.

The Gummer London initiative also stresses that the heart of the city must be repopulated and be less dependent on the car. The guidance also steers developers towards the revitalisation of shopping and commerce, as well as housing in the existing London "town centres". London is that still famous "collection of villages" but each one needs to be carefully regenerated and not swamped by excessive traffic. London boroughs are being asked to plan for 260,000 new homes by the year 2006, marginally more than was asked for by the London Planning Advisory Committee.

But Gummer is surely right – people are what cities are all about and there should be an end to the zoning policies in London which have led to dark Georgian squares which were once houses and have been ruthlessly turned into office ghettoes since the 1950s.

There is real hope in these two city plans. Birmingham is well ahead of the capital in its regeneration and has real lessons for London. Surely the Millennium Commissioners, under the chairmanship of Stephen Dorrell, should be thinking not of exhibitions and extravaganzas but of steady and practical schemes for the sane regeneration and repair of our city centres.

Bosman: if he wins, football will never be the same

SPORT

KEITH WHEATLEY

Who will end the year as the best-known footballer of 1995? Cantona? Gascoigne? Romario? My bet says Jean-Marc Bosman, a seriously average 30-year-old Liege player who is on the transfer list.

Bosman is currently more watched by lawyers than soccer fans, but he is about to devastate European football. Usually the pre-deadline transfer British market is a frenzy of seven-figure deals. Yet when the gate came down ten days ago, the modest £1.3m move of Norwegian player Jan Aage Fjortoft from Swindon to Middlesbrough was the biggest transfer registered. Blame Bosman.

Newcastle received a £7m fee from Manchester United for striker Andy Cole. Did manager Kevin Keegan go out and spend the windfall on new players for the Magpies? He did not. Chairman Sir John Hall is a canny self-made multi-millionaire and he kept the cheque book locked away while he watches Bosman dribble and feint.

Shortly the judges of the European Court will decide on Bosman's claim that the current system of clubs selling players whose registrations they hold is unlawful – a clear breach of Article 48 of the Treaty of Rome dealing with the free movement of labour.

"You'd find it difficult to make any prediction other than that the court will rule in Bosman's favour," commented Gordon Taylor, chief executive of the Professional Footballers' Association. "And if he wins you'd be a foolish chairman to pay out million-pound transfer fees to a player who can just take a walk at the end of his contract."

Taylor's clear opposition to a result for Bosman puzzled me. Surely the players' trade union would be in favour of their players getting richer? After all, instead of Newcastle United selling Andy Cole, the footballer himself would pocket the transfer fee.

"Complete freedom to move would obviously benefit a few star players. But overall it would contract the game by shifting even more money towards a few big clubs and a couple of dozen top footballers," cautioned Taylor.

Three-quarters of his 2,000 members play for clubs outside the English Premier League. The current system rewards and keeps afloat teams that spot talent, develop it and then sell the players on to bigger clubs, says Taylor. By world standards a league of 92 full-time professional clubs is an enormous feat, and it is built largely on the transfer market.

In 1963 the PFA revolutionised sport and created modern football when it funded ex-Arsenal player George Eastham to challenge the minimum wage regulations in the courts. Mr Justice Wilberforce decided that players offered poorer terms at the end of a contract were entitled to leave their clubs and sell themselves to the highest bidder. If the club were to keep a marketable registration they had to renew the player's current arrangements.

You could search the back pages of the British press without success looking for the Bosman story, but it is attracting interest at Westminster. Tom Pendry, the Labour front-bench spokesman on sport, has been monitoring the case.

"It has the most massive implications for our national game," says Pendry. "At one extreme you will get a very few players asking for the moon – and getting it. At the other, without transfer fees trickling down to them, you will see many of our smaller clubs going out of business.

"Both the government and the FA should begin working to try to alleviate the worst effects of what now looks to be inevitable."

There is a subsidiary aspect of the Bosman case which could also have important repercussions throughout British football. The four-year-old restriction on the number of foreign players in any one team was intended as an interim measure and could be swept away by the Court finding for Bosman, and European principles of a borderless labour market.

"I want players to be free, so that they can work wherever they want within Europe. I want footballers to have the rights of every other worker within Europe," proclaims Bosman, whose transfer to Dunquerque was frustrated by the club's inability to agree the price to be placed on his head.

Anyone who thinks that football club "owners" (there are still only two listed clubs and many more are controlled by individual wealthy individuals) would not be tempted by a brace of cheap Croatian or Romanian strikers, has not been following the US baseball strike and the use of "replacement" players.

The PFA is genuinely torn between the goal of greater freedom for its members to control their own lives and careers, and the greater good of the game as a whole. Its lobbying of UEFA, a party to the case, has stressed the merits of a British-style system with limited freedom for players to walk free at the end of a contract.

None of the above impresses Eric Hall, the most successful agent in British soccer, a freewheeling, fast-talking former record-plugger for whom every deal is "monsta big". He can't wait for his clients, who include England stars Denis Wise and Neil Ruddock, to start negotiating their own transfer fees.

"Why should a club get money from selling a player when his contract is over?" asks Hall. "If they don't like the new world that's coming, they could always give longer contracts. They can't have it all ways. Football clubs have had a very cosy world for years. I could name you good players in reserve football, training on their own, stuck in in no man's land because clubs won't sell them for less than what some ledger says is their official value. That ain't fair."

But if Bosman wins, won't the agent, the ultimate go-between, schmoozing between clubs, disappear? "It can't put me out of a job," gloats Hall. "It will make my schtick monsta better."

صورة من الأصل

OPENINGS

LONDON, COVENT GARDEN
The Royal Ballet has brought a Stravinsky quadruple bill into repertory, with performances between now and mid-May. "Petrushka" will feature Irek Mukhamedov in the title role [illegible] Balanchine's "Duo Concertant" [illegible]

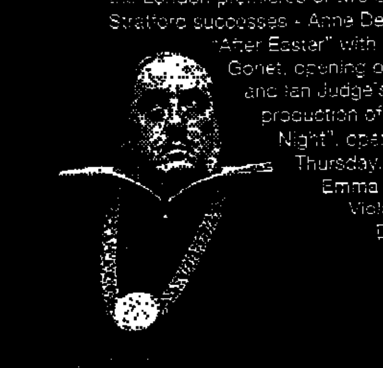
PARIS
Few artists have experienced the turbulence of 20th century Europe like Zoran Music (b.1909). He grew up a citizen of the Austro-Hungarian empire, later became an Italian national and was imprisoned in Dachau in 1944. Since the war he has divided his time between Venice and Paris. The Grand Palais has assembled a retrospective comprising 100 paintings and 60 drawings. The show opens tomorrow and runs till July.

B[illegible]
[illegible] Museum of St Petersburg has [illegible] to the Kunst und Ausstellungshalle [illegible] Friday. Among the 500 works on show [illegible] and 16th centuries, paintings and sculpture [illegible] period to the Soviet era, porcelain [illegible]

ROME
Rimsky-Korsakov's "The Golden Cockerel" is the first production to be originated by the Teatro dell'Opera under an exchange agreement with Britain's Royal Opera. Sung in Russian, it will be conducted by Yuri Ahronovich, staged by Tim Hopkins and designed by Tony Baker. First night is on Saturday.

SALZBURG
The centrepiece of this year's Salzburg Easter Festival (from Saturday until April 17) is a new production of Richard Strauss's "Elektra", conducted by Claudio Abbado and staged by Lev Dodin. The Russian director has won international acclaim for his theatre productions, but this will be his debut in opera. The festival's resident orchestra, the Berlin Philharmonic, will give concerts under Abbado and Solti, and there will be a series of fringe events featuring chamber music by Stockhausen, Henze and Rihm.

LONDON, BARBICAN
The Royal Shakespeare Company gives the London premieres of two of its 1994 Stratford successes - Anne Devlin's play "After Easter" with Stella Gonet, opening on Monday, and Ian Judge's production of "Twelfth Night", opening on Thursday, featuring Emma Fielding as Viola and Desmond Barrit as Malvolio (left).



Squalor gives way to banal squeaks

David Murray finds Alfred Schnittke's Life with an Idiot has little to recommend it

A post-modernist is, I suppose, someone who doubts that being modern is the *only* way of being modern. By logic, if there were now *a* recognised modern style — in music, architecture or anything else — it could not be post-modernist. But mostly there is not, so by default the fictitious "post-modernism" has been elevated to the status of a nameable style.

There are truly post-modernist *artists*, of course: the ones who deliberately seek and/or find, ways of pursuing their arts which bypass currently established modes ("post-modernism" among them). Otherwise the label "post-modernist" is a capacious umbrella for all manner of things — eclecticism (whether thoughtful, random or sentimental), confrontations or amalgams between "high" art and popular, fragmentedness (real or only apparent), irreverence, pastiche or a consciously ironic stance.

The Russian Alfred Schnittke (*b.* 1934), whose opera *Life with an Idiot* reached the stage of the English National Opera on Saturday, started to count as a "post-modernist" from the late 1960s. *The* post-modernist Russian, indeed; almost an international totem of the *glasnost* years. Before then, he had been a merely a talented Soviet composer with an unorthodox interest in Western serialism *à la* Schoenberg.

His success in the West began after he branched out more recklessly, first with Shostakovich-ish interjections of wry waltzes and military marches, then using quotations from Classical scores and raw swoops into cartoon film-music style too, and occasional candid resorts to the feeling-rhetoric of the Soviet period. Often he did that with original panache. We began to detect a singular personality — heart-on-sleeve but elusive, knowing and innocent, nostalgic but grimly contemporary — behind his brusque juxtapositions.

With Rostropovich and Gidon Kremer championing his works in the West, Schnittke has garnered many commissions and remarkably many performances. When the Barbican held their extensive Schnittke festival last autumn it attracted large non-specialist crowds, only some of whom would probably be cultists of the Arvo Pärt, Gorecki or John Adams persuasions (let alone Michael Nyman or Philip Glass). The expressively fractured burden of Schnittke's music wants an audience which can hear jarring differences between one passage and the next, not just swallow everything tamely as it comes.

In 1962, when he was still out of official favour, Schnittke wrote an opera (about an airplane pilot's moral crisis) that was neither published nor performed. Thirty years later, he hit upon Victor Erofeyev's short story *Life with an Idiot*, and enlisted the author's help in making an opera of it. No easy task; for it is a raving monologue for a first-person narrator — a familiar Russian genre: Tom Courtenay brought another low-life example, *Moscow Stations*, to the Garrick Theatre last year — and the tale he has to tell is really too scabrous to bear staging.

The narrator "I", a member of the intelligentsia, has somehow fallen foul of the authorities. The punishment is that he and his Proust-loving wife must share their flat with a lunatic, to be chosen from the local asylum. He hopes to find a harmless "holy fool", not a mere cretin; what he brings home is Vova — fiftyish, vaguely professorial and unable to say anything but "Ech!" Soon Vova is destroying their books and furniture; then he rapes the wife, who succumbs with some enthusiasm, and later the husband too.

Eventually this degenerate *folie à trois* ends when Vova hacks off the wife's head with a pair of secateurs and flees, and the husband — still besotted with his darling Vova — finds himself in the asylum. It is, I suppose, some kind of dark parable, floridly indecent [illegible] brutally funny in the telling. O[illegible] at the ENO, however, it sim[illegible] to work.

David Barrell [illegible] to the role of "I" with hero[illegible] (he must have had his [illegible] but in the interests of ma[illegible] thing more "operatic" Sch[illegible] has assigned parts of his [illegible] to the peeping, eaves[illegible] chorus. Most of that is [illegible] at the Coliseum, at great [illegible] the horrid spell woven b[illegible] Erofeyev's mad, loquacious te[illegible] Louisa Kennedy-Richa[illegible] Wife is expert and com[illegible] her part is studded with hi[illegible] that leave crucial words u[illegible]

As for the "idiot", speechless [illegible] seething with pathetic passi[illegible] Alasdair Elliott plays him as a [illegible] little robot with a giant [illegible] phallus. The latter caused un[illegible] trollable hilarity in the Dress Ci[illegible] but denying Vova any hint [illegible] pathos loses a vital strand in [illegible] action, reduces it to cart[illegible] mechanics. Jonathan Moor[illegible] resourceful production [illegible] nowhere near the grisliness of [illegible] later scenes, where the naked [illegible] should be frolicking in a sea [illegible] tomato juice and blood, semen [illegible] yoghurt.

The saddest thing is Schnitt[illegible] score, all "post-modernist" [illegible] [illegible] patches. Though it se[illegible] [illegible]ough for quick introduc[illegible] [illegible]tures in Act 1, it make[illegible] the lusty horrors of Ac[illegible] [illegible]mps, slides and yelps, *exactly* like [illegible]oon-music. Instead of illumina[illegible] the couple's moral col[illegible] [illegible] squalor, the opera itself col[illegible] into banal squeaks.

Schnittke has suffered a series of [illegible]okes since 1985, one of which [illegible]errupted the composition of *Life [illegible] an Idiot*. It shows, I fear: leav[illegible] us a piece with little to recommend it but the promise of stage [illegible]nities, which are inevitably [illegible]dered far too mildly here to sat[illegible] lubricious tastes.

Alastair Muir

Alasdair Elli[illegible] Quentin Hayes and Louisa Kennedy-Ri[illegible]

Why Berkoff is big abroad

Foreign audiences have been seduced by the master of bile and burps, writes Michael Church

According to *Le Figaro*, the play is the work of a genius-provocateur, "exultant, extreme, scandalous, poetic". *Le Monde* opines that the author's "irascible volubility scores a bull's-eye, even in translation". L'Express warns "prudish spirits" to keep their distance. *L'Humanité*, on the other hand, can only perceive in it the vacuous bluster of *l'anarchisme de droite*. "Astringent and purifying" is the verdict of *L'Arcus*. Rubbish, replies the critic of Theatre Chronique. "The play is simply bad faith masquerading as art. The public has been seduced."

Indeed it has. The new production of Steven Berkoff's *Decadence* at the Theatre de la Colline in Paris has had its run extended, in response to popular demand. The day I saw it, the play was followed by a British Council-sponsored debate on *"le theatre de Steven Berkoff et les anneés Thatcher"*. The audience stayed arguing till nearly midnight: no matter that the target was the departed ruler of another country.

It is very strange. Berkoff is not a prophet without honour in his own country, like Edward Bond (reviled at home, adored in central Europe), or like the unfortunate Arnold Wesker (cherished in Japan). But Berkoff's plays have been performed in 36 countries, and translated into many languages. It is not what you would predict for a maestro of bile and burps, whose language is rooted in the stews of Soho and the gutters of London's East End.

Berkoff's own explanation is typically untainted by modesty. "It's because of the universality of our material. We break down the barriers of cultural identity. Cultural differences are only skin-deep, but so is most theatre, which is why it doesn't travel well. The only place we've had problems with is the American East Coast, and that's because audiences there are fed on hamburger-culture. New York is a contaminated zone." His *Hamlet* may have earned him the worst British reviews of his life, but it was loved in Germany and Israel. Andrzej Wajda proclaimed it the best Hamlet he had seen.

Berkoff's autobiographical play *Kvetch*, in which North American life is refracted through the eyes of a British playwright with a second career playing Hollywood villains, ran for seven years in Los Angeles. His version of Wilde's *Salome* has toured Europe and the Far East. "Berkoff saves his face and grace!" is a literal translation of the headline to Asahi Shimbun's review of *Metamorphosis* in Tokyo. Last year he took his one-man show *One Man* — a sulphurous triptych blending neo-Nazi satire with Edgar Allan Poe — to Australia and Brazil. This, he claims, hit no cultural snags at all. "People laughed at exactly the same points, whether in Sydney or Sao Paolo."

Decadence, in which two actors play alternately a moronic rich couple and a pair of suburban debauchees, died a quick cinematic death in London last year. The film may be overlong, but Berkoff and his co-star Joan Collins walk their stylistic tightrope with glittering assurance. As it happens, Jorge Lavelli's production for the Theatre de la Colline starts with precisely this image, as Christiane Cohendy undulates towards her partner Michel Aumont along a fine beam of light stretched across the stage.

These celebrated actors deliver Berkoff's obscene arias with Comedie Française brio. Lavelli has directed them like dancers, on a black set which is bare save for two crescent-shaped sofas. He has wisely made no attempt to transpose the setting to Paris: its social collisions are ineradicably English. The slant he has put on the final scene, with the actors taking off their wigs and turning towards the audience with a slow scowl, is highly effective.

Lavelli has already directed *Kvetch* and *Greek* on this stage, and now finds directors from other countries beating a path to his door. "They come here to see how Berkoff can be played." Asked for his explanation of the Berkoff vogue, Lavelli's own prose takes wing. "He's a liberating force, a tonic, the enemy of limpness and flaccidity. He's a demolition-man. He's created his own artificial language, through which his voice fills the stage. At present, no other playwright is doing that."

In Britain, Berkoff is seen as part of the furniture, a gossip-columnist's stand-by. In France he is a great writer. Cohendy, who starred with Roman Polanski in the Paris production of *Metamorphosis*, recalls the humility with which the Polish actor-director submitted to Berkoff's directorial tantrums.

When I ask whether the author has commented on the current production, Lavelli looks pained. "He hasn't sent a word. Not even a postcard. Perhaps he includes us too in his universal detestation. Yes, that is a question I have to ask myself." He mournfully shakes his head.

Decadence is at the Theatre de la Colline until April 16.

INTERNATIONAL ARTS GUIDE

BERLIN

OPERA/BALLET
Deutsche Oper Tel: (030) 34384-01
● L'Italiana in Algeri: by Rossini. Conducted by Ion Marin/Carlo Rizzi, produced by Jérôme Savary; 7.30pm; Apr 5, 8
● Lucia di Lammermoor: by Donizetti. Conducted by Marcello [illegible] and produced by Filippo [illegible] 7.30pm; Apr 6
● Onegin: music by Tchaikovsky, [illegible] this venue, choreographed by John Cranko, produced by Reid Anderson and Jane Bourne; 7.30pm; Apr 9 (7pm)
● The Girl of the Golden West: by Puccini. A new production conducted by Paolo Olmi and produced by Frank Corsaro. Soloists include Galina Kalinina and George [illegible] 7.30pm; Apr 4, 7

LONDON

CONCERTS
Queen Elizabeth Hall Tel: (0171) 928 8800
● Andreas Haefliger: pianist plays Beethoven, Schubert and Mussorgsky; 3pm; Apr 9
● Carmina Quartet: with pianist Andreas Haefliger plays Beethoven, Debussy and Brahms; 7.45pm; Apr 10
Royal Festival Hall Tel: (0171) 928 8800
● Bach: St. Matthew Passion: with the Bach Choir and the English Chamber Orchestra. Sir David Willcocks conducts; 11am; Apr 9
● Michael Nyman Band: with the Orquesta Andalusia de Tetuan. Special concert in which Nyman reworks music from his career and writes for a group of virtuoso musicians who have an understanding of his work; 8pm; Apr 8
● Rotterdam Philharmonic Orchestra: with pianist Andreas Haefliger. Claus Peter Flor conducts Beethoven, Mozart and Shostakovich; 7.30pm; Apr 3
● The London Philharmonic: with soprano Amanda Roocroft. Roger Norrington conducts Mahler's "Lieder eines fahrenden Gesellen" and "Symphony No.4"; 7.30pm; Apr 5
● The London Philharmonic: with clarinetist Emma Johnson. Martyn Brabbins conducts Walton, Barber, Dankworth, Weill and Gershwin; 7.30pm; Apr 7
GALLERIES
Royal Academy Tel: (0171) 439 7438
● Poussin: more than 90 works by the French artist. Centerpiece of the exhibition is the two series of the "Seven Sacraments"; to Apr 9
OPERA/BALLET
English National Opera Tel: (0171) 632 8300
● Don Giovanni: a new production of Mozart's opera. House debuts for director Guy J[illegible] and conductor Markus Stenz; [illegible] Apr 5, 8
● Madama B[illegible] Puccini's opera, original[illegible] by Graham Vick; 7.30pm; [illegible] 6
Royal Opera H[illegible] Tel: (0171) 304 4000
● Peter Grime[illegible] Britten. Directed by Elijah Mosh[illegible] and conducted by Edward Dow[illegible] 7.30pm; Apr 8
● Salome: by [illegible]uss. A new production dire[illegible] by Luc Bondy and conducted [illegible] Christoph von Dohnányi; 8pm [illegible] 7
● Siegfried: by Wagner. A new production dire[illegible] by Richard Jones and conducted by Bernard Haitink; 5.30pm; Apr 4
● The Prince of the Pagodas: by Britten. Kenneth MacMillan choreographs this Royal Ballet production which opens a Benjamin Britten "mini festival" at the Royal Opera House; 7.30pm; Apr 10

MAD[illegible]

GALLERIES
Fundación Co[illegible] Thyssen-Born[illegible] Tel: (91) 420 3944
● André Dera[illegible] approximately 70 paintings selec[illegible] represent the painter's differe[illegible] periods; from Apr 4 to [illegible]

NEW [illegible]RK

CONCERTS
Avery Fisher [illegible] [illegible] 875 5030
● New York [illegible]monic: with pianist Mitsuko [illegible] Kurt Masur conducts Beet[illegible] "Piano Concerto No.2[illegible] Shostakovich "Symphony No[illegible]; Apr 5, 6, 7, 8
● Pinchas Zukerman: violin[illegible] pianist Marc Neikrug plays M[illegible] Neikrug and Brahms; 3pm; A[illegible]
OPERA/BALLET
Metropolitan Tel: (212) 362 [illegible]
● La Traviata: by Verdi. Produ[illegible] by Franco Zeffirelli, conducted [illegible] John Fiore; 8pm; Apr 8
● Pelléas et Mélisande: by Debussy. A new production by Jonathan Miller. Conducted by James Levine; 8pm; Apr 4
● The Ghosts of Versailles: by Corigliano. Produced by Colin Graham, conducted by James Levine; 8pm; Apr 3, 7
New York City Opera Tel: (212) [illegible] 4100
● Harvey Milk: music by Stew[illegible] Wallace, libretto by Michael Kor[illegible] new production conducted by Christopher Keene and produce[illegible] Christopher Alden, a story about activism, dirty politics, murder an[illegible] street riots; 8pm; Apr 4
● La Traviata: by Verdi. A new production conducted by Yves A[illegible] and directed by Renata Scotto. Soloists include Janice Hall/Oksana Krovytska and Stephen Mark Brown/Richard Drews; 8pm; Apr 6, 8
● Lucia di Lammermoor: by Donizetti. Conducted by Christopher Keene and produced by Tito Capobianco; 8pm; Apr 9 (1.30pm)
● The Merry Widow: music by Lehár, English book adaptation by Robert Johanson. Conducted by Eric Stern, directed by Robert Johanson; 8pm; Apr 7, 8 (1.30pm)

PARIS

GALLERIES
Centre George Pompidou Tel: (1) 42 77 12 33
● Brassai: works by the French photographer; to Apr 3 (not Sun)
OPERA/BALLET
Châtelet Tel: (1) 40 28 28 40
● Peter Grimes: by Britten. A new production by Adolf Dresen with Jeffrey Tate conducting the Philharmonia Orchestra; 7.30pm; Apr [illegible]
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● Lucia di Lammermoor: by Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conduct the orchestra and chorus of the [illegible] National Opera; 7.30pm; Apr 5, [illegible]
● The Masked Ball: by Verdi. Conducted by Antonello Allemandi and produced by Nicolas Joël. Soloists include Gegam Grigorian and Gaetan Laperriere; 7.30pm; Apr [illegible] (3pm)

WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467 [illegible]
● Jessye Norman: soprano with [illegible] Ann Schein in a programme [illegible] works by Berg, Strauss, Ravel [illegible] Messiaen; 7pm; Apr 10
● National Symphony Orchestra: [illegible] pianist Barbara Nissman. [illegible] Yahr conducts Kernis, [illegible] and Rachmaninov; [illegible]; Apr 4 (7pm)
● National Symphony Orchestra: [illegible] Schulze conducts Berlioz's "Symphonie Fantastique"; 8.30pm; [illegible] 6, 7, 8
OPERA/BALLET
Washington Opera Tel: (202) 416 7[illegible]
● Carmen: by Bizet. A new production with Denyce Graves in the title role. Ann-Margret Pettersson directs a production by Lennart Mörk. Conductor Cal Stewart Kellogg. In French with English surtitles; 8pm; Apr 4, 7, 9 (2pm)
● Tiefland: by Eugen d'Albert. Roman Terleckyj directs a new production by designer Zack Brown. In German with English surtitles; 8pm; Apr 3 (7pm)
THEATRE
Arena Stage, Fichandler Theater Tel: (202) 488 3300
● I am a Man: directed by Donald Douglas. Recreation of the Memphis garbage workers strike of 1968 and the civil rights movement; 8pm; to Apr 9
Horizon's Tel: (703) 519 9123
● Kindertransport: by Diane Samuels. Jane Latman directs a play about the repression of memories in Nazi Germany and the survival of a woman and her relationships; 8pm; to Apr 4
Kennedy Center Tel: (202) 467 4600
● Laughter on the 23rd Floor: Neil Simon's play set in the 1950's heyday of television comedy; 7.30pm; to Apr 23 (not Sun)
Roundhouse Theater Tel: (301) 933 1644
● Escape from Happiness: by George F. Walker, directed by Daniel DeRaey; 8pm; to Apr 16 (not Mon)
Studio Theater Tel: (202) 332 3300
● Rhinoceros: by Ionesco. Joy Zinoman directs the Absurdist's comedy warning of the dangers of conformity; 8pm; to Apr 9 (not Mon)

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David Friedman's anarchic vision

MICHAEL PROWSE on AMERICA

On a recent sojourn in Chicago, I made a point of visiting an unorthodox political theorist: David Friedman, son of Milton Friedman, the eminent economist. If you regard Friedman senior's views as extreme, you may as well abandon this column now. The son makes the father look like a fuzzy social democrat.

Milton Friedman is famous for advocating smaller government and greater reliance on market forces. David Friedman, Olin fellow at the University of Chicago law school, is a self-styled "anarcho-capitalist". He would abolish all government on the grounds that everything we want can be better provided by competitive private markets.

The word "anarchy" frightens people – not least the affluent who fear their property rights would become worthless. But Friedman junior is not advocating lawless disorder. He started out, like his father, as a "classical liberal". He had little time for the welfare state, arguing that the private sector can (and does) provide social services such as education, healthcare and pensions. But he nonetheless accepted that government had an essential role, in providing the legal and institutional framework necessary if people were to feel secure and markets were to function efficiently.

Then he read Robert Heinlein's novel The Moon is a Harsh Mistress, which depicts life in a lunar colony that lacks any government or conventional legal system. It struck him that there is no fundamental reason why private markets should not generate law and order, as well as more conventional goods and services. This "final frontier" for markets is explored in David Friedman's book The Machinery of Freedom: Guide to a Radical Capitalism (Second Edition 1989, published by Open Court, La Salle, Illinois) and, more recently, in a 1994 paper "Law as a Private Good" in the journal Economics and Philosophy (Cambridge University Press.)

Friedman imagines a society in which individuals purchase protection for themselves and their property from private companies, rather as we now buy home or car insurance. Suppose my home is burgled. Instead of calling the police, I notify my protection agency. It investigates the crime and identifies a likely suspect. Suppose he has a contract with a different protection agency. *What happens? A mini-war,* say critics of private law enforcement, because the suspect's protection agency would forcibly resist my agency's attempts to arrest him.

This is not, in fact, probable. Warfare, as Friedman points out, is expensive. A protection agency that frequently resorted to physical violence would go bankrupt. The more likely solution is advance contracting. Agencies would agree in advance that, in the event of a clash, they would abide by the decision of an independent arbitration agency – a private court. If my agency produced sufficient evidence of wrongdoing, the suspect would be held pending the court's decision.

In these circumstances, argues Friedman, both law enforcement and law are private goods produced on a private market. "Law enforcement is produced by enforcement agencies and sold directly to their customers. Law is produced by arbitration agencies and sold to the protection agencies, which resell it to their customers as one characteristic of the bundle of services they provide."

The notion of law as a private good is apt to induce intellectual vertigo. There would not be one set of legal rules, delivered from on high, but several competing sets of rules. To some degree people would be able to choose the laws they wanted. For example, if I felt that capital punishment was wrong, I would pick a protection agency that favoured courts (and associated legal systems) that reject capital punishment. So long as those with whom I clash have similar views, there would be no risk of capital punishment. Of course, if the other party has a contract with an agency that favours capital punishment, there is an unavoidable conflict: one or other agency has to give way.

Friedman points out that the normal forces of competition would produce legal reforms that benefit everyone. If some change in the legal rules currently prevailing between two protection agencies would benefit both sets of clients, they have an incentive to persuade the arbitration agency to make *the change, or to shift to a* court favouring the superior rules. Suppose the change benefits the customers of one protection agency but imposes costs on those of the other. If the benefits outweigh the costs, there is an incentive to make the change and compensate the losers. The legal systems that flourish would thus be those most responsive to individuals' preferences.

Is Friedman's scheme theoretically feasible? Some critics argue that one protection agency would inevitably become dominant; others that a system of competing protection agencies would eventually become a collusive network. In either case, physical force would be concentrated in one body, which would become a de facto government. The state, in other words, is an unavoidable fact of life. Yet the objections tend to be vague: critics do not explain precisely what it is about law enforcement, or law, that would lead to monopoly or collusion.

For all practical purposes Friedman is in the realm of fantasy. When so many people oppose even tiny cuts in government, it seems quixotic to propose scrapping the entire caboodle. And yet I can see why Friedman finds anarcho-capitalism so alluring. In his world there would be no place for politicians of any stripe: everyone would be working productively to satisfy the desires of fellow citizens. Isn't that an appealing thought?

The incredible shrinking office

Simon London on the trend towards more stringent management of workspace

Britannic Tower, the second-tallest office building in the City of London and the headquarters of British Petroleum since the late 1960s, lies empty. After halving its administrative staff in central London over the past three years, the company decided the monumental tower was surplus to requirements.

BP is not alone among multinationals in reducing the amount of its head office space. Imperial Chemical Industries, the chemicals group, has vacated three central London office buildings in recent years, though it retains its imposing Millbank headquarters in Westminster. In Paris, Société Générale, the bank, is leaving many smaller, older buildings in the city centre to occupy a new headquarters block with less office space in La Défense, the business district.

These moves are partly driven by companies' desire to do away with expensive and unwieldy management structures. Thus Shell's decision last week to simplify its management structure and slim down its head office will inevitably reduce its requirement for office space in London and The Hague.

But many companies are seeking similar efficiencies away from the glamour of head office. This could dramatically reduce the amount of space that businesses occupy and concentrate demand on efficient, modern buildings. Older premises may never find tenants or lie vacant for years.

There is a growing awareness that property – which accounts for about 40 per cent of the assets of UK industrial and commercial companies – has often been under-managed. While businesses apply rigorous capacity utilisation tests to their factories or warehouses to make sure they get value for money, the same techniques have rarely been applied to their offices.

A traditional five-day week leaves offices idle for 80 per cent of the time – but even during working hours, the space may be under-utilised. Before it adopted flexible working practices to improve office use, International Business Machines reckoned that the desks in its UK sales offices were occupied for only about 25 per cent of the working week.

When property values were rising, companies did not regard low utilisation as a problem. Capital invested in large buildings often provided a better return than companies' underlying businesses. In an era of stable property values, though, the waste of resources is more obvious.

"The office will be the subject of the same radical focus on productivity as industrial assets were in the 1980s," says Mr Bruce Lloyd, head of the international management programme at London's South Bank University.

Many manufacturing companies are now looking hard at their use of office space. When Whirlpool, the world's largest manufacturer of domestic appliances, acquired the European white goods business of Philips five years ago, it increased the productivity of its manufacturing space by 25 per cent and halved the number of distribution warehouses. It now plans to reduce the administrative staff by 15 per cent, and is seeking an even greater reduction in the company's use of office space.

Such efficiencies can be achieved by applying management techniques to property for the first time. In Whirlpool's case, the company has set standards for the amount of office space each job should occupy.

One management tool now widely used for reducing property costs is benchmarking – comparing the way similar companies use their property to find the most efficient techniques. Through benchmarking clubs, companies pool data on their consumption of space per employee, costs per square metre and the investment performance of their buildings.

More radical approaches involve adopting flexible working practices that further reduce demand for office space. These include "hot desking" – where employees work from any free desk in a building rather than occupying a fixed space – and asking employees to do more work from home.

Providers of information technology such as IBM and BT – whose products make flexible working possible – have been first to explore these possibilities.

Three years ago, IBM's UK sales and marketing staff each occupied about 230 sq ft of office space. With the introduction of practices such as hot desking this has been reduced to 180 sq ft. The company estimates that new working practices have reduced its total consumption of office space overall by about 10 per cent, saving £12m a year.

The long-term impact of flexible working is not yet clear. Companies such as IBM have concentrated on changing working practices among their "mobile" sales and marketing staff by equipping them with portable telephones and computers.

A similar revolution for "static" administrative jobs would involve home working. According to government figures, about 5 per cent of the working population of Britain work from home, but few are *genuine teleworkers using telecommunications to work away from the office.*

The US is probably further ahead. The Institute for the Study of Distributed Work, based in California, estimates that between 4m and 5m people, or between 3 and 5 per cent of the US workforce, are teleworkers. But many in the property market predict resistance to home working, even if employers can see cost benefits. On this view, the office is as much a place of social interaction as a workplace.

Indeed, many companies which explored home working in the early 1980s have not extended the practice. In addition to facing resistance from some staff, companies have found it more difficult to create a team environment when employees are working from diffuse locations.

Even so, many companies estimate that their office space requirement will fall by 25 per cent over the next few years due to a combination of management efficiency and flexible working. This could have a big impact on property markets, leaving many poor-quality office buildings vacant for years to come.

New working practices demand different types of building. Some companies moving out of giant headquarters buildings may do so because they want smaller, more flexible management units away from the centre.

Others that retain a sizeable head office want a more modern building, such as IBM's showcase sales and marketing headquarters at Bedfont Lakes, near Heathrow Airport, which replaced three older sites in west London.

"We could not have made the same advances in working practice within our old buildings," says Mr Michael Brooks, IBM's property director.

The Bedfont Lakes building is designed around a large atrium which is used as an informal meeting place as well as a canteen. The open design is said to increase the flow of ideas and information around the building.

"To use an analogy, people have a choice between factory farming and free range. They are increasingly opting for free range," comments Mr Stuart Lipton, chief executive of Stanhope, the property development company.

The question facing the property market, then, is what will become of old, inflexible office buildings?

Better sites, including Britannic Tower, could be refurbished and re-let. Even in poor locations, interesting buildings may find alternative uses as hotels, apartments or student accommodation.

But unsuitable office blocks on unsuitable sites – many of them built during the late 1980s property boom, the heyday of office investment – face an uncertain future.

"Occupiers are no longer going to take a building simply because it is cheap. They have realised that buildings which are cheap to occupy are usually inefficient, expensive to fit out and impossible to sub-let," says Mr Lipton.

Moving story: La Défense (left), site of Société Générale's new headquarters; and Britannic Tower

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Team concept embodied in sport vital to business

From Mr J M Paton.

Sir, It would seem from Mr Donkin's article that Will Carling has been given the credit for rediscovering the wheel ("Management: Captaining the business squad", March 24).

Some 40 years ago I attended interviews on the "milk round" and with few exceptions was quizzed about sporting achievements. It seems eminent good sense to acknowledge that the team concept embodied in sport is fundamental to the running of a successful business. Success is not about getting to the top of the mountain, it is about getting the whole team to the top.

However, in the case of the England team they are probably the best squad in the northern hemisphere, but one which in recent years has failed to achieve its full potential.

It seems to me that excessive back slapping may have dulled the awareness of this fact, and there remains a leadership problem to be tackled.

Further, the regrettable outburst by Brian Moore after the game against Scotland was surely an embarrassment to Carling and the team and hints at a leadership weakness.

J M Paton,
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Chester Road,
Middlewich,
Cheshire, UK

Commonwealth offers keen contrast to Europe's desire for conformity

From Mr Alan Greene.

Sir, The editorial praising the virtues of the Commonwealth ("A club worth rejoining", March 21) made welcome reading.

Among the Commonwealth's members are some of the world's fastest growing economies.

The UK, meanwhile, seems oblivious to the potential, focusing its attentions on a collection of relative has-beens that do not readily speak English and have different technical standards across a range of products, not least driving on the other side of the road.

The Commonwealth portrays a spirit of outward-looking vitality and tolerance, while national identity is retained. Europe seems to desire standardisation at the level of the lowest common denominator and then to ring-fence this so-called utopia from non-members.

However, while sterling is apparently pegged to the US dollar and not the DM, hope remains for the Eurosceptics or Commonwealthies.

Alan Greene,
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First World arrogance and global warming

From Dr Jörg Schimmelpfennig.

Sir, Your editorial on global warming (March 27) displays a first world arrogance which contrasts with the otherwise exceptional standards of your paper. You are right to hint at the lack of scientific consensus. Still, relying on "the human race's well-demonstrated ability to adapt to a changing environment" argues the case for ignoring the threat.

To do so amounts to assuming that nature will show its gentle side whatever action is taken. Any businessman would be ill-advised to adopt this strategy as long as the range of outcomes, let alone their probabilities, are unknown. But with seemingly natural but possibly man-made disasters and, thus, billions of pounds at stake, it is irresponsible.

Most scenarios suggest the developing world will bear the brunt of such disasters. For Bangladesh or some Pacific island states global warming would threaten their existence. No rational individual can be expected to ignore danger if his own life is at risk. For developing countries, ignoring warnings of global warming is like playing Russian roulette – except in the latter at least the probability of losing is known.

Jörg Schimmelpfennig,
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The ideal package for the City professional

From the Hon C C Lyttelton.

Sir, I would like to add to Prof Charles Goodhart's excellent article (Personal View, March 23). A professional in the City should get a salary, to support living costs, a bonus, to reflect performance, and a shareholding reflecting long-term commitment.

The latter is significant as it includes "downside" potential. The only way City institutions which are not largely employee owned can reflect this is through "phantom shares" reflecting longer-term performance to a degree. But these are not as effective as actual ownership in limiting excess.

The Baring situation arose in part because ownership accountability lay mainly in a charity; management could pay out larger proportions of profit in bonuses than was desirable. Prof Goodhart sees this, and a trader's responsibility to operate with his firm's capital, as a recipe for disaster.

Agency institutions should recognise in bonus allocation the "contribution" margin of a department (the share of the company's fixed central overhead it carries) and its profit margin. That avoids the situation in which volatile, low-cost businesses benefit in good years to the disadvantage of more pedestrian but solid businesses which ensure the company survives slower years.

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Price war truth put on the spot

From Ms Jane Reed.

Sir, News International is not, nor ever has been, spot buying paper ("Good times roll for newsprint suppliers", March 25). Pricing levels enjoyed by News International have not "funded the price war".

Our newspapers' profits and extra sales and advertising revenue are funding our competitive and consumer-orientated cover pricing policy.

Jane Reed,
director of corporate affairs,
News International,
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Comprehensive car insurance for Europe overdue

From Mr Roy Jenkins.

Sir, "To be able to go down to Victoria station and buy a ticket to anywhere I bloody well please" – that was how Ernest Bevin characterised his foreign policy in 1945.

Fifty years later, we more or less can go where we please by air or sea, but not so easily by road, despite the Channel tunnel.

In the mid-1960s, I managed a Dutch company for a UK group. My Dutch company car insurance at that time covered anywhere in the then EEC and Efta.

Whenever business called, I simply got in the car and went.

From the UK today, by way of contrast, I have to mess about with Green Cards and to give details of my proposed itinerary.

Green Flag offers a breakdown policy which treats the whole of Europe as one integrated area.

Is there in fact anything to prevent one of the Road Traffic Act insurers from showing the same sort of enterprise – that is, by offering the traveller similarly comprehensive car insurance?

Last year, I drove slightly further on the right than on the left, but would really like to buy British insurance nevertheless.

Roy Jenkins,
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FINANCIAL TIMES
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The Tory prospectus

New Tory agendas have become one of the more familiar sights on the British political landscape. Mr John Major's administration has been struggling to define its ambitions almost from the moment of Mrs Margaret Thatcher's departure in November 1990. Its early experiments with European Christian democracy and caring conservatism were followed by the ill-fated Back to Basics campaign and by a lurch to the Eurosceptic right. More recently, it has preferred consolidation, pruning sharply its legislative programme for the final two years of the present parliament. Each of these fresh starts has fallen prey to intellectual confusion and to the party's civil war over Europe.

It would thus be a brave observer who predicted that Mr Major's latest attempt to reassert Tory values will provide more than a fleeting respite. There are some positive signs. Mr Major himself appears to have found new reservoirs of resolve. His speech to the party's spring conference at the weekend was one of his more assured performances. He is determined to resist any attempt to unseat him as leader.

Economic recovery should begin to pay a political dividend, even if a weak housing market and the secular trend towards a more insecure employment market continue to dampen confidence. So far the fruits of economic growth have been absorbed in paying for the mistakes of the late 1980s: in reducing public borrowing and closing the current account gap. Now, trailing in the polls by a record margin, the prime minister is promising better times.

Income tax

Mr Major emphasised the government will soon return to the business of cutting income tax. After the hefty programme of increases since 1993, there may be some scope for a modest reduction over the next two or three years as public borrowing falls. However, Mr Kenneth Clarke, the chancellor, must be aware that large tax cuts would be both bad economics and cynical politics. Legislating in 1995 the three-year programme of income tax reductions sought by some Tory MPs – and endorsed apparently by the party chairman – would hardly be consistent with the government's claim to economic prudence.

After Mr Tony Blair's incursions into territory long claimed by the government, Mr Major is seeking also to reclaim his party's rhetoric. Choice and opportunity, duty and responsibility, enterprise and initiative, he insists, are essentially Tory concepts. More specifically, the prospectus includes a further extension of home ownership, a relaxation of the squeeze on education spending and government backing for the voluntary sector. As a sop to the populist right, Mr Major offers a pledge to provide tougher regimes for young offenders in so-called "boot camps".

Tory fortunes

The overall mix is designed to appeal to what Conservative politicians refer to as Middle England. The traditionalist social, and individualist economic, instincts of this ill-defined but pivotal slice of the electorate are judged the best hope of restoring Tory fortunes.

The chances, however, of the latest package solving the Conservatives' identity crisis cannot be high. Ministers and Tory MPs remain divided over whether to press ahead with the Thatcherite revolution or to fight Mr Blair head on in the political centre ground he now occupies.

At present there is a cabinet truce over Europe. There are welcome signs that the nine Tory rebels are keen to re-enter the fold at Westminster. But anyone listening to the weekend speeches of Mr Douglas Hurd, the foreign secretary, and Mr Michael Portillo, the employment secretary, was left in no doubt about the extent of the chasm.

Then there are the local elections, this week in Scotland, next month in England and Wales. Even the optimists among Tory strategists are expecting bad defeats. So this latest fresh start may well be submerged in Tory panic and fresh pressure on Mr Major's leadership. Some ministers have now joined backbench MPs in speculating that a change of prime minister may be their last chance.

It is clear, however, that the Conservatives' problems run deeper. A battle for the leadership later this year would offer proof of bankruptcy rather than the promise of recovery.

A European call to arms

Government wheels seem finally to be turning in an effort to reform the business of weapons procurement in Europe. France and Germany, which had planned to set up a joint arms procurement agency without their other European partners, recently invited Britain to join the project. Britain, in turn, has suggested some large projects which might be managed by the agency, chief among them the £32bn Eurofighter programme and £8bn Horizon frigate. Much serious negotiation is needed before the proposed agency is given form and substance, but if talks go well, the main outlines of a deal may have emerged within a year.

The end of the cold war will inevitably force cutbacks in Europe's defence industry. US industry has rationalised rapidly in response to lower Pentagon spending, and at the very least that change demands some reply. Could a European agency help the process? In part, the answer will depend on what the agency is asked to do. But there are grounds to hope that it would be a step in the right direction.

First, it would show that member governments recognise action is needed. In particular, it would signal a shift away from a pure *laisser faire* attitude by the UK, which has hitherto argued that companies alone should decide what action needs to be taken. In an area such as weapons procurement, where governments are the only buyers and much of the industry in Europe is state-owned, it is too simplistic to argue that governments have no role. They need to establish a framework within which companies can decide how to retrench.

Weapons orders

A new agency might also be able to co-ordinate the timing and specification of weapons orders between European partners, and so encourage greater commonality of equipment within Europe. That would allow longer and more economic production runs while cutting the amount of duplicated research and development.

Differences in combat doctrine between, say, British and German tank commanders, and differing equipment cycles, have long impeded a rationalisation of the defence base. The absurd result is that Europe now produces three main battle tanks and is developing three advanced fighter aircraft, while the US has only one of each. European countries can no longer afford such autarky. If the new agency worked to curb it, so much the better.

The challenge will be to ensure that the agency does not stifle the operations of the market, and in the process increase the cost of defence procurement. Early indications are that France and Germany may in effect seek a European arms cartel, with work being parcelled out according to the amount of equipment bought. Britain, by contrast, is likely to want a European project office, which would have management control of programmes, and would invite competitive bids for contracts. This is the approach for the Horizon frigate, where the ship's design is settled jointly, and companies are then asked to bid for the systems such as the radar or missiles, with contracts being awarded on merit, regardless of how many ships each country buys.

Export markets

Clearly, the project office model is preferable, since it is more likely to produce a competitive European industry, better able to take on the US in export markets. But politics means the eventual outcome may not be so clear-cut.

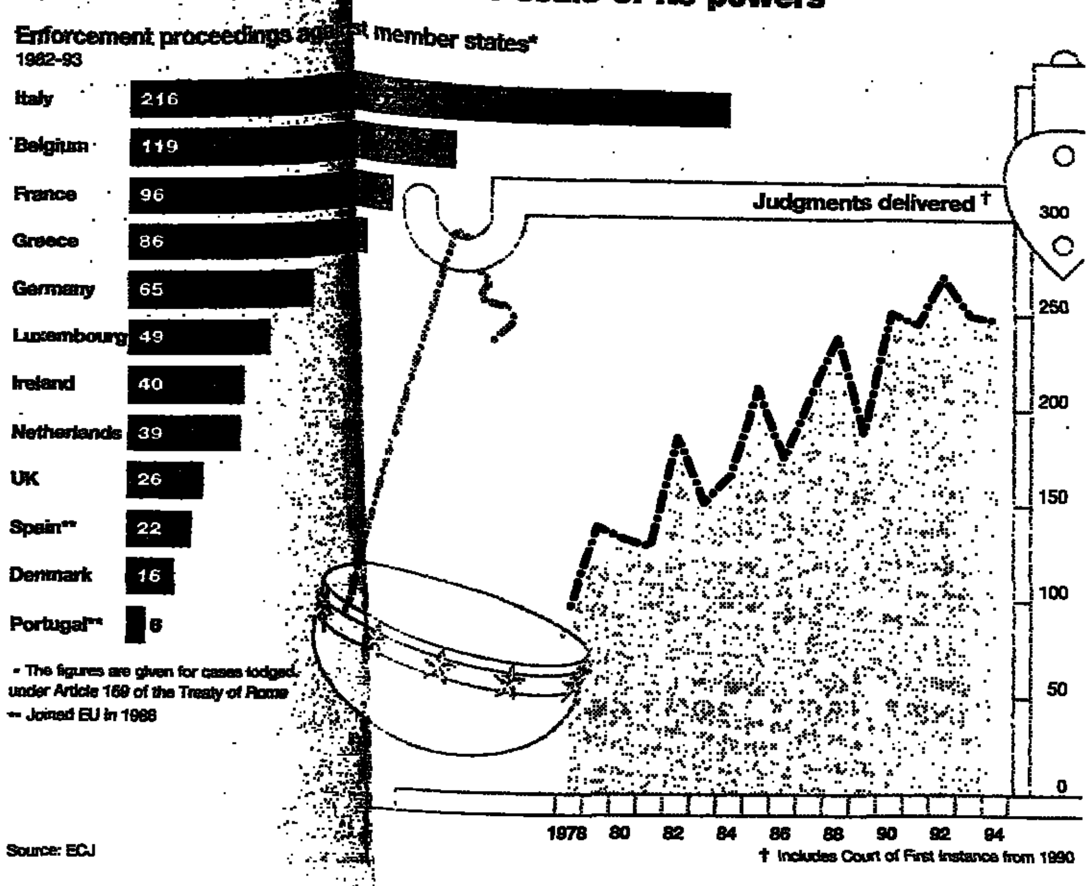
France, in particular, has a heavily overmanned and largely nationalised defence industry, focused on meeting French economic and strategic national interests. Privatisation and rationalisation of the industry may follow the French presidential elections, but it will take time. A European arms procurement agency, with Britain as one of its largest members, would be a force promoting such change on the continent.

Europe's arms industry badly needs to improve its performance if it is to survive the worldwide retrenchment in defence spending. Provided it encourages rather than suppresses competition, an arms procurement agency could assist it to do so. If it fails, Europe will pay a high price, either by buying from a fragmented domestic industry or through excessive dependence on the US.

The European Court is coming under fire, accused of pushing a political agenda, say **Andrew Adonis** and **Robert Rice**

In the hot seat of judgment

European Court of Justice: the scale of its powers



* The figures are given for cases lodged under Article 169 of the Treaty of Rome
** Joined EU in 1986
Source: ECJ
† Includes Court of First Instance from 1990

Mr Tom Kennedy, head of protocol at the European Court of Justice in Luxembourg, has a large poster behind his desk celebrating the bicentenary of the US Supreme Court.

The poster sums up the worst fears of those opposed to further European integration. A European equivalent of the US Supreme Court, the driving force of American federalism in the early decades of the US, is anathema to them.

Next year's inter-governmental conference is coming to be seen by Eurosceptics as a chance to clip the court's wings. Not just in Britain: concern at the integrationist tendency of the court has been voiced in Germany, while there have also been calls – notably from the European Parliament – for greater openness in the court's activities.

The Treaty of Rome charges the court and its junior Court of First Instance with upholding European law. It gives citizens – not just governments and other EU institutions – the right to seek redress from the 15 judges in each court.

The senior court has exercised its powers vigorously, confronting popular opinion and vested interests across the EU on issues such as the purity of German beer, the travails of Spanish fishermen, Sunday trading in Britain, abortion advice in Ireland and access by non-French airlines to Orly airport.

Eurosceptics criticise the court's crimson-robed judges for acting as an extension of what is seen as a self-aggrandising Brussels bureaucracy. A more subtle critique – developed notably by Sir Patrick Neill QC, a leading English barrister and Warden of All Souls College, Oxford – is that the judges interpret their role in a manner that inevitably strengthens federal tendencies.

In a recent paper, Sir Patrick claimed that the court was potentially "dangerous" since it regarded itself as a "court with a mission" to push the EU "forwards". Citing rulings since 1963 which the Court had penalised governments for not respecting its interpretation of treaty obligations, he said the court had relied too often on the spirit of the law rather than its letter. Sweeping statements about European union in the preamble to the various Community/Union treaties and general clauses in legislation were given more weight than the wording of the detailed clauses.

This view is greeted with derision in Luxembourg – "a load of Eurosceptic nonsense" in the words of one judge. The judges say the text of the treaties as a whole requires a substantial ceding of sovereignty by the member states. The court's job is simply to carry out the states' intentions and obligations.

In this they have strong support from the Commission and most of the European Parliament. "I firmly oppose any attempt to subvert the judicial power of the court," Mr Klaus Hänsch, president of the parliament and a German socialist, declared last month.

Another common criticism of the court is that it is stuffed with politicians and bureaucrats who pursue a federalist agenda. However, all but one of the 15 judges of the senior court come from the senior judiciary or from senior legal academic posts – the latter being a normal route to judicial office in many European countries. The exception is Mr Fernand Schockweiler, once a Luxembourg civil servant.

Of the nine advocates general who act as legal advisers to the judges, two might be described as former politicians – Mr Carl Otto Lenz, once a member of the German Bundestag, and Mr Antonio La Pergola, a former Italian cabinet minister. Both were professors of law, however, and the latter was president of Italy's constitutional court.

Mr Francis Jacobs, the most senior of the nine advocates general, claims that the court has been vigilant in curbing the excesses of other EU institutions in recent years. It has often ruled against the Commission for exceeding its powers – most recently over its claim that it could ratify the World Trade Organisation agreement on behalf of member states. It has also acted to stop the Union adopting protectionist tactics such as anti-dumping measures.

The judges believe that much of the controversy about their "activism" stems from the court's controversial decision in the 1991 *Francovich* case, when it ruled that EU citizens are entitled to compensation if they have suffered damage from being wrongfully deprived of their European treaty rights. The prospect of individuals successfully suing national governments on the basis of EU legislation appalled ministers across the Union.

But *Francovich* came as no surprise to Brussels lawyers. Having established that the Treaty of Rome creates rights and obligations for individuals which must be respected by national governments and upheld by their courts, it was a natural step for the Luxembourg judges to make governments liable for infringements of those rights.

The issue of compensation is being challenged in two cases now before the court. But few of the judges expect the court to go back on the principle. "The treaty guarantees direct access to the court to EU citizens," says Mr Lenz. "If governments want to change it, that's their legitimate business," he says. "But I doubt there would be much support for it from national parliaments."

However, there may be attempts to curb the court's "activism" at next year's inter-governmental conference. Ardent Eurosceptics would like to give either the Council of Ministers or national parliaments the right to challenge court judgments at variance with their understanding of treaty obligations.

Another proposal is that access to the court should be curbed by allowing only the highest courts of the member states to refer questions of law to Luxembourg. Now, lower courts account for most referrals, which the Eurosceptics believe are a prime means by which the court extends its writ.

But neither of these proposals is likely to succeed. Allowing politicians to review the court's judgments would bring into question the EU's respect for the rule of law. As one judge put it, any right given to politicians – whether in parliaments or the Council of Ministers – to lay aside court judgments selectively would open the way to horse-trading destructive of legal order. The UK might agree to Orly airport remaining a French preserve in return for an end to rights for part-time workers in the UK, and so on.

As for restricting the power of referral to the highest courts of member states, this could make the European legal system more cumbersome. Lower courts would have no sure means of determining disputed points of European law – so those with disputes would have to work up through national courts to get an answer. This would be costly and probably lead to long delays.

Less contentious proposals for reform include allowing judges to express dissenting opinions. To preserve the judges' independence and shield them from national political pressures, all court judgments are now expressed as unanimous.

The English judiciary, in particular, would like European judges to be able to express dissenting opinions, believing it would bring clarity to their pronouncements. The unanimity requirement – contrary to British and US practice – means many rulings often read like the work of the committee they are.

Some of the Luxembourg judges are alarmed by this suggestion. With judges up for re-appointment every six years, and appointments in the gift of national governments, they fear they would come under intolerable political pressure to back their governments at the court. Supporters of the principle of dissenting opinions suggest that judges' terms of office could be extended to 10 years or more and made non-renewable to counter the threat to independence.

But the real fear of the judges is that the fuss over reforming the court will overshadow their agenda for next year's inter-governmental conference. The court wants procedural changes to enable it to carry out its work better, including greater contact with national courts to identify the central legal issues in cases referred to it.

Because much of the procedure is set out in the treaties and their protocols, such changes require a treaty amendment. With the controversy over the court's role, it remains to be seen whether the heads of government will feel that a more efficient court is a priority.

A law unto many

Hidden away on the outskirts of Luxembourg, far from Brussels, the European Court of Justice feels more like a luxurious university campus than a working EU institution. The ivory tower impression is reinforced by the vast size of the rooms, and by the emptiness of the court buildings, which house a staff of just under 1,000.

The judges deny that they are isolated, however. They point to the 10,000 people who visit the court each year from all over the world. More important, they maintain close contacts with the judiciaries in their home countries and opinion formers throughout Europe.

The judges are puzzled when asked if the Court is an aggressively federal institution, as critics allege. They say the Treaty of Rome lays down their obligation to uphold European law – they are simply doing their job.

Those more sensitive to the anti-federalist wind emphasise that most of their time is spent enforcing the rules of the single market, rather than undermining the autonomy of member states.

A list of the 54 cases for which one judge was responsible between March 1992 and March 1995 shows that most were about the day-to-day running of the EU. They dealt with issues such as disputed customs tariffs, agriculture regulations, the environment and free movement of professionals.

In one case, the court was asked to decide how the salt content of salt beef should be calculated. In another, the issue to be resolved was whether a wine farmer who produced more than the prescribed quantity per hectare could sell it as quality wine.

Two of the cases dealt with important points of law and only three covered decisions of principle. In one, the court was asked to decide whether the sex equality provisions of the Rome treaty took precedence over an International Labour Organisation convention which had been signed before the treaty came into force and which restricted night work for women. Another was a challenge to a Commission attempt to conclude an anti-trust co-operation agreement with the US without the authorisation of the Council of Ministers.

The judges concede that the court's remoteness and the generally low level of understanding of its functions allow Eurosceptics to make wild allegations about the Court without fear of challenge.

Judge David Edward, Britain's nominee on the Court, says that, although he spends a considerable amount of time talking about the role and functions of the court, some are keener to gain an understanding than others. In spite of the fuss about the role of the court among Conservative MPs, only eight turned up when he recently addressed a meeting of Tory backbenchers in the House of Commons.

It is a comfortable existence for the judges and advocates general. Salaries are high compared with those of their national counterparts. The judges get 112.5 per cent of the salary of the highest-paid Community official, which works out at roughly £140,000 a year. And they enjoy full diplomatic status in Luxembourg, which is largely symbolic but gives them such things as immunity from legal proceedings in the Grand Duchy.

The judges deny that divisions between them follow a simplistic pro- and anti- integration line. Rather, divisions in the court reflect the interests and prejudices of individual judges. For example, the Belgian judge, Mr René Joliet, is said to hold strongly that uniformity is not a requirement for a single market. His Italian counterparts are seen as keen to use the court to impose legislation which the politicians in Rome are too timorous to implement.

They also dismiss any notion that they are national ambassadors, representing the countries that appointed them. The greatest influence is probably their colleagues, whom they meet at least once a week and usually twice to discuss and vote on cases. But they are a close knit group, spending much of the rest of the time in each other's company. "Remember that we see more of each other than of anyone outside our immediate families," says one judge.

OBSERVER

A touch of scepticism

■ The annual Königswinter conferences between luminaries from Germany and the UK can suffer from an excess of cosy *Gemütlichkeit*, out of keeping with the strains that have sporadically marked Anglo-German relations since the fall of the Berlin Wall.

At this weekend's conference on the Rhine, the organisers took the sensible step of spicing things up by inviting a sprinkling of British Eurosceptics to complement the usual band of fully paid-up Germanophiles.

Delegates were treated to the sight of a new political alliance in the making, between Norman Lamont, former UK chancellor of the Exchequer, now decidedly hostile to the European Union, and Alan Sked, the London School of Economics lecturer and leader of the UK's anti-Maastricht Independence Party which now claims 10,000 members.

Lamont, who says his irritation with the EU dates back to the year he spent helping to negotiate the Maastricht treaty, was cheek by jowl with Sked throughout most of the conference, enlivening the otherwise bland discussions on next year's inter-governmental conference.

Full marks for the Anglo-German grandees for inviting the wolves into their lair. But not all the wolves. Even though German public opinion remains highly unenthusiastic about economic and monetary union, German opponents of Maastricht were hardly to be seen.

Wages of sin

■ Confused about why Europe's erstwhile most stable country, Sweden, is going down the tubes? Jonas Bergquist, 28, son of the fourth generation managing director of furniture manufacturing company Forsnäs, may have the answer.

He put in 674 hours of overtime in 1992 and thereby helped save the company from collapse, at a time when the Swedish recession was at its worst. Deserves a medal, eh?

Not in Sweden. Instead, the Labour Market Board proposes to fine his company Skr170,000. Bergquist, it seems, worked 474 hours more overtime than the law allows. "I didn't know working was a crime," said his father, Jan-Anders Bergquist, who apparently also faces a personal fine for allowing his son to work too much.

All work and no play makes Jonas a poorer boy; and the Labour Board a bit of a joke.

Boering on

■ We all knew that General Constand Viljoen, carrying the banner of white right-wing Afrikanerdom, was keen on history, but maybe this is too close to the knuckle. He's about to lead a group of white would-be emigré farmers on a mission to Zaire, which apparently wants Afrikaner farming expertise.

Viljoen, head of the conservative Freedom Front, has been in Zaire for official talks on prospects for white South African farmers seeking greener pastures. "They are begging us to come there. They don't want the French, they don't want the Belgians, they want the Boers (Afrikaner farmers)," said Freedom Front spokesman Colonel Piet Uys.

Viljoen will have no trouble recalling the last Great Trek north, during the 1830s, when about 10 per cent of the Cape's Boer farmers upped and left for what became Transvaal and Natal. On December 16, 1838 some of the Voortrekkers, as they were known, massacred Zulu armies at the battle of Blood River. Still, times have changed...

Cash for clarity

■ The UK's corporate donors appear a trifle reluctant to put their hands in their pockets to wage the good fight against international bribery and corruption.

Transparency International, a Berlin-based pressure group striving to engender better international business ethics, wants to stop companies bribing governments and political parties.

But after months of effort there are only three private sector UK donations – £5,000 from Coopers & Lybrand and £1,000 each from RTZ and Tate & Lyle. TI, which has $1m annual running costs, has done rather better with charities, having raised £40,000 each from the Rowntree and Nuffield trusts and got another £5,000 out of the government-owned Crown Agents.

The contrast with US businesses could hardly be greater. General Electric has stumped up $60,000, while Boeing, Bristol Myers Squibb, Pfizer, Bank of America and Arthur Andersen have also contributed generously.

On the other hand, maybe the UK corporate sector thinks any spare cash could be better spent elsewhere...

Major slam dunk

■ Some sniffy Brits may be wondering how come Bill Clinton can only manage Tuesday lunch for their prime minister John Major, rather than Monday dinner in the White House.

Observer can reveal that of all his special relationships, the one dearest to Clinton's heart is that with his home state college, University of Arkansas – whose basketball team is playing in the national college finals tonight in Seattle. One fan will be glued to his armchair in front of the TV screen – prime minister or not.

The Financial Times

100 years ago

The Mexican Congress
Mexico: The Mexican Congress was opened today with the usual message from President Diaz. After stating that peace reigned throughout the country and that the relations between Mexico and all foreign powers were friendly, the President adverted to the boundary dispute with Guatemala, and said that the efforts to safeguard Mexico's dignity and just interests in the question had not been fruitless....

The financial situation was visibly improving. The returns from the import duties already allowed an increase of $750,000 compared with the corresponding period last year.

50 years ago

Trade restrictions lifted
The Board of Trade announces that obstacles in the way of trading with persons which arose out of the Trading with the Enemy legislation have been removed. Banking channels between Britain and France are restored; subject to the Defence (Finance) Regulations and other regulations - for example export and import licensing and the parallel regulations of the French Government.

FINANCIAL TIMES
Monday April 3 1995

China set to limit loans from international banks

Curb planned on borrowing to control growth in foreign debt

By Tony Walker in Beijing

China plans to rein in borrowing from international commercial banks to restrain growth in its foreign debt, which approached $100bn at the end of 1994.

An official of China's State Administration of Exchange Control was quoted by the state-run China Daily yesterday as saying greater use should be made of existing reserves of $51.6bn. "We should actively use the foreign exchange we already have to control the amount of foreign debts," he said.

This is the second call in a week by an official for a curb on foreign borrowing and reflects growing concern about China's debt service obligations. Last week Mr Shen Shijian, a senior trade official, urged the authorities to clamp down on enterprises and institutions raising capital abroad.

The SAEC official said Beijing would "limit long- and medium-term loans from international commercial banks". Some of the demand for international loans would be "shifted" to domestic foreign exchange loans.

He complained that funds from international loans had been sold to domestic banks for local currency to circumvent state credit restrictions, adding to inflationary pressures.

China is the world's fifth largest debtor nation and this, according to China Daily, had "aroused great attention from the central government". It quoted Mr Chen Jinhua, minister of the State Planning Commission, as saying that China should "exercise tight control" over foreign borrowing. "Activities such as international financing and leasing, foreign borrowing by foreign-funded enterprises with Chinese guarantees, and financing by issuing convertible bonds and overseas funds must be included in the state credit plan."

The newspaper quoted the official as saying China would repay between $12bn and $14bn in principal and interest this year, and its debt-service ratio (principal and interest as a percentage of export earnings) was well within safety limits.

"The Mexico financial crisis will never happen in China," the official said.

He added that China's debt service ratio and foreign debt ratio were "much lower than the international warning lines, which stand at 20 per cent and 100 per cent respectively".

China eager to keep access to IDA soft loans, Page 6

Major and Clinton look to close gap on Ulster

By Robert Peston, Political Editor, in London

Mr John Major and Mr Bill Clinton will tomorrow attempt to overcome their differences on the Northern Ireland peace process and US demands for additional Libyan sanctions.

There will be little effort, though, to reinstate the adjective "special" into their descriptions of Anglo-American relations.

It is their first meeting since the British prime minister made clear his displeasure at the US president's overtures to Mr Gerry Adams, the Sinn Féin leader.

In briefings ahead of Mr Major's private meeting with Mr Clinton UK and US officials emphasised the vast areas of foreign policy where the two administrations were in agreement.

They cited the importance of maintaining tough sanctions against Iraq; supporting the reform process in Russia in spite of disapproval of the Chechnya conflict; and resisting pressure from the US Congress for an end to the embargo on arms sales to Bosnia.

However, the US president's decision last month to give an entry visa to Mr Adams and invite him to the White House still rankles in Downing Street circles. A member of the US administration said of the criticism he had received over Mr Adams's visit: "We've been beleaguered here – it felt a little bit like being in Vietnam."

The UK official added that the phrase "special relationship" – used famously by Baroness Thatcher when she was prime minister to describe her rapport with the US of President Ronald Reagan – "tends not to be in our lexicon". UK and US officials said they preferred to describe relations as "close" and "having many strands".

The US hopes to smooth over the differences with Mr Major by continuing to exert pressure on Sinn Féin to make constructive proposals for giving up arms. A US diplomat said: "We have asked Sinn Féin to move forward and have serious discussions [on arms reductions] and they are not doing it. We won't be satisfied till they do it."

A Downing Street official said Mr Major was also hoping to receive details of US proposals to audit any funds which Sinn Féin is raising in the US, to prevent any of it being used for arms purchases.

Higher up the agenda will be Mr Clinton's desire to impose an oil embargo on Libya, on top of existing sanctions. Also under discussion will be Nato enlargement and reform of the United Nations.

Lake takes special care with words, Page 7
Editorial Comment: Observer, Page 15

THE LEX COLUMN

Not such a capital City

The City of London prides itself on its financial sophistication. But, in the domestic equity market, there is no cause for self-congratulation. The mechanisms for raising capital and trading shares are riddled with restrictive practices. As a result, the cost of capital is inflated and the trading of shares is unnecessarily expensive. Fortunately, these practices are now under the spotlight, following a series of critical reports from the Office of Fair Trading.

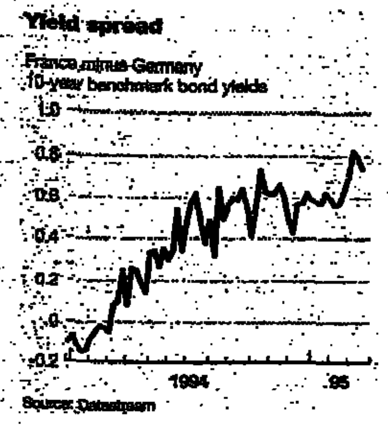
Companies need more options for raising capital. Part of the problem is fixed underwriting commissions. They give the City large fees for assuming little risk. There are several ways in which companies could overcome this expense. Deeply-discounted rights issues would avoid completely the need to pay underwriting commissions – although, to avoid excessive dividend payments, companies would need the courage to cut their payouts to reflect the discount.

Another option is for companies to shop around for better terms. They normally do not because the conventional wisdom is that equity issues must be kept secret to prevent a share price collapse. This is bunkum: if a company has a good use for cash, explaining the rationale to investors could boost its share price.

Institutional investors should also modify their insistence on pre-emption rights. Shareholders clearly have an interest in companies not selling equity on the cheap to outsiders, but this should be compatible with more flexibility over pre-emption rights. The standard rights issue, which involves tapping the same investors again and again for cash, can depress a company's share price. In some cases a company would do better to market its attractions to other investors and so broaden its shareholder base. This, of course, would only be possible when a company has a good story to tell. But there is nothing wrong in that: shareholders should welcome mechanisms that discriminate between companies with sensible and foolish plans.

In the secondary market, the main problems are the market-maker "privileges". These are highly technical, but their overall effect is to give market-makers valuable intelligence and make it easier for them to deal. Those without the privileges are at a disadvantage.

Market-makers claim they need special treatment; otherwise they could not afford to stand ready to deal with investors through thick and thin.



Source: Datastream

There is some bluff in this: they would probably still be in the business if their privileges were reduced. Moreover, many investors would benefit from cutting out market-makers completely. A computerised "order-matching" system would be cheaper.

Unfortunately, the London Stock Exchange cannot be relied on to sort things out because it is part of the problem. Not only are the market-makers its biggest and most powerful members; the exchange is keen to protect itself from competition from other trading systems that might develop if the market were opened up.

Others must therefore provide the impetus. On an official level, the main responsibility lies with the Treasury and the Securities and Investments Board. But companies and investors should also press for change.

Russia

It is a measure of how far Russia has travelled along the capitalist road that the row over the second stage of privatisation is about its structure rather than its intrinsic desirability. Understandably, some ministers argue that the government should delay selling off large chunks of the family silver at pawn-shop prices – especially when foreigners would be among the main beneficiaries. But the government believes there are immediate advantages to reducing the state's involvement in industry. Besides, it needs $1.8bn to help plug this year's budget deficit.

A consortium of Russian banks, sensing an opportunity to make a turn, is offering to cut an intriguing deal, covering some of Russia's juiciest assets such as Norilsk Nickel, the world's largest nickel producer. Although the details are still sketchy, the banks seem to be offering to lend the money up front to hold the shares in trust. The benign interpretation is that the trust would simply act as a staging house, selling on the shares when asset prices had firmed and the legislative and fiscal climate evolved sufficiently to encourage strong domestic pension funds to emerge.

But the legions of Russian conspiracy theorists are right to fear any number of possible sweetheart deals. Russia's banks are already much too intertwined with industry and government, giving rise to multiple conflicts of interests. The outcome of the debate could shape Russian capitalism for generations.

That makes it all the more critical for the government to consider the long-term structure of industry ownership rather than to accept a quick financial fix.

French bonds

In pure economic terms there is little reason why French government bonds should yield three-quarters of a percentage point more than German bunds. French GDP growth is set to be a robust 3 per cent this year and inflation only 2 per cent. Unemployment is falling, albeit slowly and from a high level. The independent Bank of France shows no signs of softening its hard line on monetary policy. Last week, for example, it avoided the temptation to follow the Bundesbank's interest rate cut.

The yield differential has little to do with economic fundamentals; it is an expression of investors' continuing fears about the stability of the franc in the run-up to this month's presidential elections. Even though the yield gap narrowed markedly last Thursday, this reflected a certain edginess at the rationale for the German rate reduction rather than a fundamental reassessment of the risks of holding franc assets. The gap promptly opened up again on Friday, as doubts about the sustainability of the *franc fort* policy re-emerged.

Optimists may say that the franc has a long way to fall before it hits its floor in the European Exchange Rate Mechanism. So no immediate test of French monetary resolve is at hand. The danger for investors, though, may not pass with the elections. A populist president, such as Mr Jacques Chirac, may try to accelerate the decline in unemployment by stepping up public spending. At worst, he could be forced to abandon the *franc fort*.

Airliner

Continued from Page 1

companies could work together on the project, given the differences in their cultures.

Airbus – which is owned by Aérospatiale of France, Daimler-Benz Aerospace of Germany, British Aerospace and Casa of Spain – is also studying the feasibility of building a large aircraft separately from Boeing. Mr Pierson said, however, that that could go ahead only if other companies in Asia and Europe agreed to share up to half the development costs.

Mr Pierson also repeated warnings that BAe would find its position in Airbus damaged if the UK failed to participate fully in the Future Large Aircraft military transport programme. In the UK's absence another company would have to make the wings for the aircraft. That company would have a strong case for replacing BAe as Airbus's principal wing-maker for civil aircraft.

Crédit

Continued from Page 1

assets which exceed the current estimated prices.

The state rescue package is still subject to scrutiny by the European Commission in Brussels. Mr Karel Van Miert, the competition Commissioner, has already received a full briefing from the French government, as well as comments from Société Générale. He has also received guidelines on the implications of a banking rescue from the heads of three European central banks.

In addition, there has been political pressure from within France criticising the plan, including a vocal meeting last week between the national assembly and senate finance committees and Mr Edmond Alphandéry, economy minister.

Deadlock over key issues at climate change conference

By Haig Simonian in Berlin

The United Nations conference on climate change enters its final week today having made progress on some minor matters but facing deadlock on most important issues.

Many delegates believe the next 48 hours will be decisive in setting the tone before environment ministers, hosted by Germany's Chancellor Helmut Kohl, descend on Berlin on Wednesday for the meeting's last three days.

However, some outstanding issues are so divisive that progress may only be possible at ministerial level, meaning negotiations are likely to mark time before a hectic rush to the finish.

The clearest indication will come today, when Mrs Angela Merkel, Germany's environment minister and president of the conference, gives a progress report. This will focus on the rules which govern the voting system to pass decisions. Delegates ducked the issue when the conference opened last week but the question is now becoming essential.

Members of the Organisation of Petroleum Exporting Countries are insisting all votes must win unanimous backing rather than be decided by a majority. Opec is vehemently opposed to any measures such as cuts in carbon dioxide levels, which might limit demand for oil and gas. Carbon dioxide is one of the main by-products from burning such fossil fuels. Opec hopes that by insisting on unanimous voting, it can in effect gain a veto over decisions.

Mrs Merkel is believed to have held a series of informal meetings over the weekend to bridge the gap. However, the signs yesterday were that Opec remained adamant, meaning discussion about the rules may be left to ministers later this week.

Delegates are also divided over other important matters. Even industrialised countries, broadly in favour of combating climate change, are split on the specifics. According to Climate Action Network, an alliance of environmental groups, the European Union has watered down its position after objections from the US and Australia.

The environmentalists say the EU has dropped its demand for a reduction in carbon dioxide levels after the year 2000 and for a clear reference to the "inadequacy" of existing measures in an attempt to reach a common decision with the US.

Further outstanding problems include co-operation between developed and developing states over reductions in "greenhouse gas" emissions – known as joint implementation. Many industrialised countries hope to reach agreement on at least a pilot phase of joint implementation to gain experience and overcome some developing countries' resistance.

The conference must also reach decisions on long-term funding for the climate change secretariat, now based in Geneva, and on its future permanent home. So far Germany, Canada and Uruguay have offered facilities in Bonn, Toronto and Montevideo respectively.

Letters, Page 14

FT WEATHER GUIDE

Europe today

Most of south-western and western Europe will be fine because of high pressure over France. However, parts of northern France and Belgium will start cloudy with fog in places. Temperatures will reach 26C near Bordeaux, while parts of Spain may reach 28C.

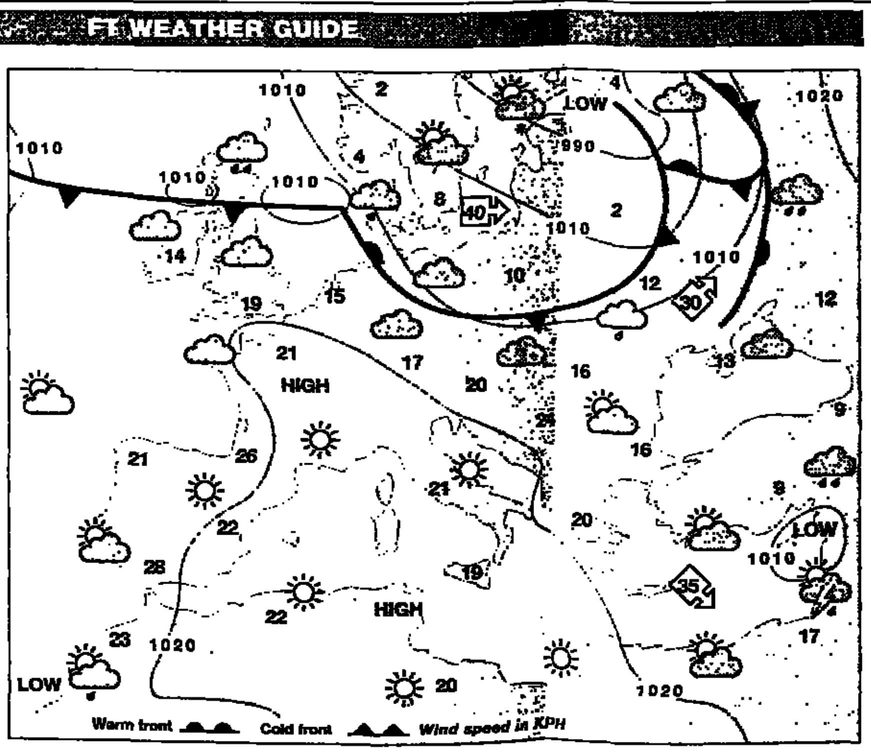
A frontal zone stretching from Scotland across the North Sea into Denmark marks the boundary with colder conditions to the north. There will be snow showers in Norway and scattered snow in Finland and Russia.

The front will be almost stationary, causing prolonged rain in western Scotland.

Italy and south-east Europe will enjoy fine and rather warm conditions, but Crete will be cool with showers.

Five-day forecast

North-east Europe is likely to stay cold with snow at times, but high pressure will keep south-west Europe dry and warm with sunny spells. Between these regions, conditions will become more changeable with Atlantic fronts bringing rain. This will arrive in the UK first and then spread into the continent on Wednesday and Thursday. The rain will turn to snow in Poland and Russia.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	sun	18	Caracas	fair	29	Faro	fair	23	Madrid	fair	23	Rangoon	sun	35
	Celsius		Belfast	cloudy	14	Cardiff	fair	14	Frankfurt	fair	18	Majorca	sun	21	Reykjavik	fair	-1
Abu Dhabi	fair	32	Belgrade	sun	23	Casablanca	fair	23	Geneva	sun	18	Malta	sun	20	Rio	thund	28
Accra	fair	33	Berlin	cloudy	13	Chicago	cloudy	12	Gibraltar	fair	20	Manchester	fair	14	Rome	sun	20
Algiers	sun	23	Bermuda	shower	20	Cologne	fair	17	Glasgow	rain	11	Manila	cloudy	33	S. Frsco	sun	20
Amsterdam	fair	14	Bogota	rain	21	Dakar	fair	30	Hamburg	cloudy	10	Melbourne	fair	24	Seoul	sun	17
Athens	fair	16	Bombay	sun	31	Dallas	thund	21	Helsinki	shower	3	Mexico City	fair	27	Singapore	thund	32
Atlanta	sun	24	Brussels	fair	16	Delhi	sun	31	Hong Kong	rain	19	Miami	sun	26	Stockholm	fair	8
B. Aires	sun	23	Budapest	fair	20	Dubai	fair	31	Honolulu	fair	28	Milan	sun	24	Strasbourg	fair	19
B.ham	fair	17	C.hagen	fair	8	Dublin	fair	15	Istanbul	fair	14	Montreal	cloudy	7	Sydney	cloudy	22
Bangkok	fair	36	Cairo	shower	19	Dubrovnik	sun	21	Jakarta	thund	32	Moscow	sleet	4	Tangier	sun	24
Barcelona	sun	19	Cape Town	fair	22	Edinburgh	cloudy	13	Jersey	cloudy	12	Munich	fair	17	Tel Aviv	thund	17
									Karachi	sun	34	Nairobi	fair	28	Tokyo	fair	15
									Kuwait	fair	30	Naples	sun	20	Toronto	shower	13
									L. Angeles	sun	24	Nassau	sun	27	Vancouver	fair	16
									Las Palmas	fair	22	New York	fair	13	Venice	sun	19
									Lima	cloudy	25	Nice	sun	18	Vienna	fair	18
									Lisbon	fair	24	Nicosia	shower	19	Warsaw	rain	10
									London	fair	19	Oslo	sun	8	Washington	sun	15
									Lux.bourg	fair	17	Paris	fair	20	Wellington	fair	17
									Lyon	sun	22	Perth	fair	25	Winnipeg	snow	-9
									Madeira	shower	19	Prague	fair	16	Zurich	fair	18

FINANCIAL TIMES
COMPANIES & MARKETS

Monday April 3 1995

Matsushita may sell part of MCA

By William Dawkins in Tokyo and Michael Lindemann in Bonn

Mr Yoichi Morishita, president of *Matsushita, the world's largest* consumer electronics company, has said that the group might sell part of MCA, the US entertainment business acquired for $6.1bn five years ago.

"There will be various possible cases. It's not always a fixed idea to retain 100 per cent and there might be some possibilities in the future," he said, when asked if Matsushita was looking for a partner for MCA or reconsidering the ownership structure.

Mr Morishita declined to give more detail or to comment on *suggestions from Hollywood that* Matsushita had opened negotiations with potential partners. But his announcement is the latest sign of how the Japanese electronics industry is rethinking its costly invasion of Hollywood, which began in 1989 with Sony's $3.4bn acquisition of Columbia Pictures and Tristar Pictures.

Industry rumour is that preliminary talks are under way with PolyGram, the Dutch music and film group owned by Philips, a former close Matsushita partner; Tele-Communications Inc, a US cable television company; Bertelsmann, the German publishing and media group; and Seagram, the drinks and chemi*cal company. Matsushita* confirmed that the company had recruited US financial advisers to value MCA.

Bertelsmann declined to say whether the group was in talks with MCA.

Bertelsmann has been seeking a foothold in Hollywood. Three years ago the German group was in talks with MCA, hoping to engineer an equity swap between its US-based entertainments division and the Matsushita subsidiary, a move which would have supplemented the German group's music and film interests and given them a stake in a Hollywood studio.

However, MCA remains central to Matsushita's original strategy of combining software and hardware, using a producer of entertainment to help it sell its own equipment. "There is no change in our original purpose of buying MCA," said Mr Morishita.

"We are now actually coming to the time when we can use MCA's strength," he said. By that, he meant that Matsushita would draw on MCA's extensive film library for material to publish on digital video disc, the next generation of compact discs for home video and *audio*, the first samples of which are due at the end of this year.

Matsushita's US rethink comes *in the early stage of a three-year* cost cutting and corporate reorganisation plan, launched by Mr Morishita last year, designed to pull it out of an earnings decline. The company has started to turn the corner, shown by a 67 per cent rise in consolidated pre-tax profits to Y175.5bn ($1.9bn) on a 5 per cent rise in sales to Y5,230bn in the first nine months of the fiscal year that ended in March. Equity analysts expect an improvement of the same order for the full year.

Matsushita does not publish *MCA's profits, but the US stu*dio's turnover was $4.12bn, two fifths of the Japanese company's entertainment turnover, in the *year to March 1994.*

Link with Paris-based Publicis and US-based True North opens doors in 56 countries

Maurice Saatchi makes worldwide relaunch

By Diane Summers, Marketing Correspondent

Maurice Saatchi has relaunched himself globally. From being reduced to one temporary office in London and 30 staff, he can from today call on an international network of 180 offices in 56 countries and a staff of 7,000.

Mr Saatchi has achieved this *overnight reincarnation by sign*ing a co-operation deal with Publicis Communication, the Paris-quoted advertising agency. Publicis, in turn, already has an alliance with the US group, True North, giving the combined agencies a ranking in the top 10 in the world.

"New Saatchi" – as Mr Saatchi and his small band of ex-Saatchi & Saatchi followers have temporarily been dubbed – urgently needed to forge an international alliance to pitch this week for British Airways' global account, worth £60m ($96m) a year in billings. The BA account had been held for 11 years by Saatchi & Saatchi.

The award-winning partnership was put up for review after Mr Saatchi was ousted in December as chairman of the Saatchi holding company, now renamed Cordiant. Some senior staff followed Mr Saatchi, including a number who had worked on BA business.

New Saatchi is re-pitching for the BA work in competition with *Saatchi & Saatchi and two other* agencies: J Walter Thompson (a WPP company), and Bartle Bogle Hegarty, an independent London-based agency.

The result of the contest is expected in May.

Publicis is to support New Saatchi with logistical and technical services, as well as media strategy, planning and buying. Co-operation will initially centre on the BA pitch, but could extend to other work.

The French agency lists among its clients Allied Domecq, Shell and Nestlé. Well-known advertisements include the "Nicole? Papa?" campaign for Renault.

Mr Saatchi said Publicis had a formidable international presence. "Together we can manage outstanding global communications for the largest accounts," he said.

Both New Saatchi and Publicis are emphasising that *the co-operation agree*ment involves no equity exchange between, or participation in, the two agencies. Nor does it have any impact on the relationship – which has been troubled in recent months – between Publicis and True North.

Mr Maurice Lévy, Publicis chairman, said the prospect of co-operation between his network and "Maurice Saatchi's already-successful new team" was very exciting and the agreement *would be profitable for both* partners.

Global ambitions: Maurice Saatchi prepares to fight for a £60m *($96m) pound account. He faces Jennifer Laing, his former employee, now head of Saatchi & Saatchi,* but will be aided by Maurice Lévy

Macmillan family considers selling publishing empire

By Antonia Sharpe in London and Michael Lindemann in Bonn

Foreign publishing groups interested in expanding in the UK could soon be queuing up to buy Macmillan, the UK's largest independent UK publisher.

The group, which owns Pan paperbacks and has operations in the US and Asia, is likely to be *put up for sale by the Macmillan family* in the coming months. The family, whose most famous member was the former UK prime minister Mr Harold Macmillan, owns virtually all the equity.

The family, which is being advised by Hambros, is believed to have examined a flotation but is now considering a trade sale. The company which produced a *pre-tax profit of £15m ($24m) in* 1993 on turnover of £219m, is being advised by Schroders.

German publishers are thought to be among the suitors. Bertelsmann, the world's second largest publishing group, would not comment on whether it might be in talks with Macmillan.

Since the the mid-1980s Bertelsmann has expanded its entertainments division with the purchase *of Arista record labels but* sources say it may be looking to expand its publishing division.

It has said repeatedly that it wants to expand its interests in specialist publications away from its heavy focus on the German market. Macmillan is strong, for example, in art and music books.

News of Macmillan's possible sale comes amid signs of prosperity in the UK publishing industry *in spite of the debts owed by Dil*lons, the bookstore chain which was acquired by Thorn EMI, the music and rental group, from the receivers of Pentos.

Last week, Hodder Headline, the second largest independent UK publisher after Macmillan, announced a *sharp rise in 1994* pre-tax profits and said it was planning to increase the number of titles published this year by an *unprecedented 55 per cent.*

Charles Schwab to bid for Sharelink

By Motoko Rich in London

Charles Schwab, the largest US *discount broker, is this week* expected to launch an agreed bid for Sharelink Investment Services, the UK execution-only tele*phone sharedealing service.*

It is understood that San Francisco-based Schwab will offer a 20p-25p premium to Sharelink's share price – which closed at 207p on Friday – valuing the company at £40m ($64m).

The US broker has been looking to develop its discount business internationally. It is likely to use Sharelink as a springboard into continental Europe.

Schwab, along with its US rival Fidelity, pioneered low-cost brokerage, which allows private investors to deal in shares without paying for advice.

After its shares rose two weeks ago, Birmingham-based Sharelink last week said it was in takeover talks. Its shares soared a further 31p last Monday.

Sharelink yesterday declined to comment. But last week Mr David Jones, chief executive and founder, said: "We look for *opportunities in the industry* and we concluded we could better exploit the changes taking place by working with another organisation." The US company, dominated by Mr Charles Schwab, who owns more than 26 per cent, was unavailable for comment yesterday.

Sharelink and Schwab would make a logical fit. Sharelink is the market leader in UK execution-only share dealing, but has been vulnerable since reporting a £468,000 loss at the interim compared with a profit of £3.68m profit last time.

After floating on the stock market in 1993, it saw its share *price plunge from a high of 428p* last November to a low of 139p three weeks ago. Volumes going through the Birmingham dealing room have been depressed by the slowdown in privatisations.

Schwab, which is capitalised at $2.8bn, runs similar operations to Sharelink in the US through more than 200 branches, and already has a limited UK stockbroking operation.

It is understood that Morgan Stanley has been advising Schwab in its discussions.

Mr Jones, who has a 15 per cent stake in Sharelink and stands to make £5m in the deal, is expected to remain on the *board after the takeover.*

MARKETS
THIS WEEK

TONY JACKSON:
GLOBAL INVESTOR
It is the season of annual meetings in corporate America, and institutional activists are wheeling out the tumbrils to knock off the the heads of underperforming companies. In the US, the public use of shareholder power to unseat management has become almost commonplace. Page 21

ROBERT CHOTE:
ECONOMICS NOTEBOOK
Whatever the Maastricht treaty might imply, successful adoption of a single European currency does *not hinge* on economic conditions *being* similar in participating countries at the time it takes place. Much more important is that these economies respond in similar ways to external disturbances. Page 21

BONDS:
This year is turning out to be a tough one for dealers in the international bond markets. After a flurry of action in the first few weeks, activity has tailed off. Page 22

EQUITIES:
New York – So far the dollar's loss of nearly 15 per cent of its value against the yen since the beginning of the year has exerted almost no pull on stocks. London – The first quarter of 1995 has ended dramatically as the Bundesbank caught out most UK analysts by cutting its discount and repo rates. Page 23

EMERGING MARKETS:
What's in a name? Arguably nothing. Brokers in the Philippines, however, might disagree. Manila's analysts are only half joking when they blame the 17 per cent fall of the Philippine stockmarket this year on the fact that the Philippine currency is also called the peso. Page 24

CURRENCIES:
Last Friday proved an unhappy day for the dollar, and this week is likely to be a long dress rehearsal for the release of the US labour market report on *Friday*. Page 24

COMMODITIES:
There is widespread agreement in the base metals sector that copper stands alone in unquestionably *having the fundamentals to justify its present high* price level. Page 21

UK COMPANIES:
Guardian Royal Exchange, the composite insurer, is to spearhead another advance in direct selling of insurance in the UK by offering basic private health policies for sale by telephone. Page 18

INTERNATIONAL COMPANIES:
Flying in the face of troubled conditions in the international equity market, the offering from Repsol, the Spanish oil group, has met firm domestic demand and been increased. Page 20

STATISTICS

This week: Company news

BURMAH CASTROL

Profits likely to be fuelled by Asian presence

Burmah Castrol, the international specialised oil and chemical producer, reports its final results today. Analysts expect net profits of £110m-£115m ($184m), against £102.7 in 1993. Most also expect a dividend increase to around 29.5p against 27.5p last time.

The UK-based group is expected to have benefited from improving economies in many of the 40 or so countries in which it operates, according to Mr Bruce Evers, an analyst at Yamaichi International in London. He says Castrol's "volumes continue to grow faster than the market", due in part to its presence in some of the world's fastest growing economies in Asia.

Last month, Castrol India, the third largest company in the group, reported a 75 per cent rise in pre-tax profits to £15.2m. The jump was fuelled by a 40 per cent increase in lubricant sales. Burmah Castrol has targeted India as a high growth area following the country's economic reforms.

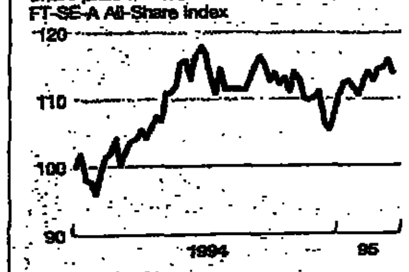
Operations in more mature economies are also thought to have benefited from an improving business climate. Analysts expect the performance in the US to show signs of slowing after a buoyant first half, but they will be looking for evidence that the European recovery is filtering through to the results.

Lubricants, which account for 67 per cent of Burmah Castrol's *business*, are expected to have risen in line with greater transportation usage.

Analysts will also be looking closely at the performance of the company's chemicals division, which accounts for 16 per cent of the group's business. The chemical divisions *of the integrated* oil majors reported sharp rises in earnings in their recent results. The Foseco subsidiary, which supplies metallurgical chemicals, is expected to have benefited from the rise in steel production, especially in Germany.

Burmah Castrol

Share price relative to the FT-SE-A All-Share index



Source: FT Graphite

FORTIS/GERMAN BANKS

Welcome bonus from recent acquisition

Fortis, the Dutch-Belgian financial services group is expected to see a rise of around 15 *per cent in 1994* net profit when it unveils full-year figures on Thursday. The results, which bring to an end the annual reporting season among Dutch banks and insurers, will be boosted in part by the group's consolidation of the banking and insurance activities of ASLK-CGER, the Belgian savings bank, which were acquired in a Belgian government privatisation. In the first nine months, group net profit were up 15 *per cent at* Ecu411m ($538.4m) compared with Ecu357m in the same period of 1993. Analysts agree with the company's own forecast that full-year results will rise at around the same rate.

Meanwhile, the spate of German bank results continues *this week with the* two big Bavarian banks – Bayerische Vereinsbank and Bayern Hypo-Bank – reporting figures for 1994. Like their Frankfurt rivals, which reported last week, the Munich-based banks have suffered from the bond market rout which reduced *own-account* trading profits. BHF-Bank, the smaller Frankfurt-based bank, will also announce its 1994 results and outline prospects for this year. BHF is refocusing its strategy with the aim of becoming a leading European advisory *bank and a top* German trader in domestic securities and foreign exchange.

OTHER COMPANIES

Alcatel Alsthom in the doldrums

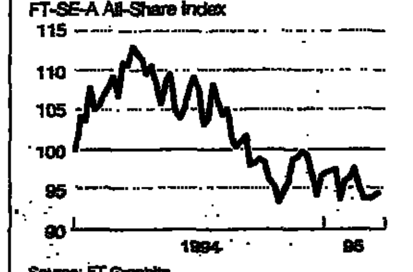
Alcatel Alsthom, the French transport, telecoms, and engineering group, is due to announce its results for 1994 on Wednesday. The company has already warned that profits for last year will fall to about FFr4bn ($800m), compared with FFr7.1bn in 1993. The company has suffered from difficult market conditions in Europe and has also been shaken by a series of corruption investigations. Mr Pierre Suard, the chairman, has been barred from running the group by a magistrate investigating alleged overbilling of France Télécom. A hearing on Mr Suard's appeal against the ruling starts on Wednesday.

■ **London & Manchester:** Analysts expect the disposal of Welcome, the consumer finance subsidiary of the UK life insurance group, to help profits rise from £33.4m to between £39m and £41.5m ($66.4m) *today. The sale of* Welcome to Cattle's (Holdings) was announced last September. Underlying profits are expected to increase slightly, in spite of a year in which the life insurance sector as a whole has found falling levels of new business. A 9 to 10 per cent rise in the total dividend, taking it to 17.1p-17.3p, is expected.

■ **Morgan Crucible:** The UK speciality materials maker is today expected to show pre-tax profits for 1994 of about £72m ($115.2m) compared with £66m last time, including some exceptional profits from disposals. After Mr Bruce Farmer, managing director, said at the half-year that he was confident margins would rise, signs of that will be welcomed. Investors will also want to see improved cash flow and evidence that the company is not relying too heavily on acquisitions for improved profits.

Morgan Crucible

Share price relative to the FT-SE-A All-Share index



Source: FT Graphite

■ **Hewden-Stuart:** Wednesday's 1994 *results are eagerly awaited to see if the* UK's biggest independent plant hire group can defy analysts' expectations again. At the interims in October, when the group announced a 78 per cent increase in pre-tax profits from £9.1m to £16.2m ($25.92m), analysts scurried to upgrade their full-year forecasts to about £23m, up from £19.1m last year. Sir Matthew Goodwin, chairman, said at the time: "You ain't seen nothing yet." The growth in profits is the result of a big rise in capital expenditure since July 1993, in preparation for the economic recovery.

Companies in this issue

Direct health move by GRE

By Ralph Atkins, Insurance Correspondent

Guardian Royal Exchange, the composite insurer, is to spearhead another advance in direct selling of insurance in the UK by offering basic private health policies for sale by telephone.

The project's launch today marks an attempt by Guardian Direct, GRE's lossmaking telephone selling arm, to challenge better-established competitors such as Royal Bank of Scotland's 10 year-old Direct Line which do not yet offer health insurance. Guardian Direct began operations a year ago.

But the decision could also trigger a push by big health insurance providers into telephone selling.

Unlike private motor policies, health insurance is not generally regarded as a "commodity" product which can be sold on the basis of a few questions.

Bupa, the UK's largest private medical insurer, can sell policies by telephone but its products are not specially designed for such sales methods and the company still requires customers to complete a medical questionnaire.

Similarly, PPP, the second largest medical insurer, can arrange cover by telephone but application forms and a medical declaration have to be completed and returned. It is exploring the possibility of accepting credit card payments by telephone.

Norwich Union, the large mutual insurer, generates an increasing proportion of its health insurance business through its tele-marketing operations but clients have to complete some paperwork and cannot yet complete transactions entirely by telephone.

The new GRE telephone service will offer a simple health policy that can purchased and paid for immediately without paperwork, although the group expects that initially many callers will prefer to have details sent by post before making any payment.

Its target market is families not covered by corporate schemes. Quotations will be based on five factors – age, sex, address, smoker/non smoker and occupation. Guardian Direct will also check on clients' previous medical conditions. Over 60s will be excluded.

Mr Ray Pierce, managing director of Guardian Direct, described the scheme as "a first" but said it was being launched into a growing market. Demand is being driven primarily by declining state provision. "We are targeting the 88 per cent of people who do not have private health insurance," Mr Pierce said.

● Separately, GRE announced it is to sell motor insurance directly in Ireland for the first time from June. The group already has a substantial operation in the country. GRE is also researching the possibility of setting up direct operations in other countries, including Germany.

Mr John Robins, chief executive, sees Guardian Direct, which lost £12m last year, as a vehicle for gaining experience in direct selling to be deployed outside the UK and for products other than motor and household where competition is intense.

MBO in line to buy Tetley tea business

By Roderick Oram, Consumer Industries Editor

A proposed management buy-out has emerged as the leading contender to buy Allied Domecq's Tetley business, the second largest tea producer in the world.

The management team has brought in Mr Leon Allen, chairman of Devro, the Scottish sausage skin maker, to lead its bid. It has secured the backing of the venture capital arm of Prudential, the UK insurer.

Mr Allen, an American with a long career in Procter & Gamble, attracted wide attention for his role in the management buy-out of Del Monte's juice and tinned fruit business and in bringing Devro to the stock market two years ago.

Tetley is either number one or two in the UK, US, Canada, Australia and some smaller European tea markets. The MBO team is thought to be interested in all the tea and coffee operations of the Lyons Beverages division with the exception of Ireland where there is a minority public stake in the company.

Analysts' estimates of Lyons Beverage's turnover and operating profits vary widely. SG Warburg Securities estimates they were £450m and £23m respectively in the 1993-94 financial year. Thus, the MBO team might be unwilling to pay more than £250m. Talks could take several months to complete.

C&W resignation

Mr Mike Harris, formerly chief executive of Mercury Communications, the UK's second largest telecoms operator, has resigned as a director of Cable & Wireless, Mercury's parent.

Mr Harris joined Mercury towards the end of 1991. He had been chief executive of Midland Bank's First Direct unit, where he had displayed powerful skills in marketing and sales which contributed much to the success of the innovative banking operation.

'Hostile' investor takes 9% holding in Fitzwilton

By John McManus in Dublin

Fitzwilton, the Irish industrial holding company, said it was treating as hostile a move by an unnamed investor, which has taken a 9 per cent stake in the group through a Dublin broker.

Dunnes Stores, Ireland's largest supermarket group was widely believed to be the stake builder.

Fitzwilton shares jumped from 39p to an ex-dividend price of 45½p in the belief that move might be a prelude to a bid.

Fitzwilton is 15 per cent owned by its chairman, Mr Tony O'Reilly, chief executive of Heinz and a main shareholder in Ireland's Independent Newspapers.

Mr O'Reilly is understood to have the support of another 15 per cent of shareholders, and would try and block any hostile bid.

Analysts said that Wellworth, Fitzwilton's Northern Irish supermarket chain, would be the ultimate target of any takeover bid and this made Dunnes the most likely suitor.

Privately owned, Dunnes is controlled by members of the Dunnes family and has 6,000 employees and turnover of I£925m.

Dunnes refused to comment on whether it was the stake builder.

In a separate move, Fitzwilton announced that it was negotiating to sell its 75 per cent interest in Novum, a Dublin-based manufacturer of industrial refrigerators.

Fitzwilton paid I£15m for that stake five years ago and is believed to be selling the company back to its former owner, Mr Paul Power.

Waterford tumbles to I£5.8m

By John McManus

Pre-tax profits at Waterford Foods, the Irish dairy processor, plummeted from I£24.5m to I£5.8m as a result of falling margins and an I£14.5m restructuring charge.

The charge is to cover redundancies, plant closures and asset write-downs. These will arise over the next three years and follow a fundamental review of the company's business that was undertaken in the second half of last year.

The bulk of costs will come from making 400 of the group's 3,500-strong workforce redundant, including 250 UK staff.

Operating profits in 1994 were down by 17.5 per cent to I£32.9m, reflecting pressure on margins, which fell from an average of 5.8 per cent to 4.6 per cent.

Margins were squeezed by high milk prices in all three of Waterford's areas of operation – Ireland, the UK and the US. These combined with low market prices for produce, particularly cheese, Waterford's main product.

Group turnover grew from I£694m to I£711m, but sales in the dairy products division, which includes cheeses, fell marginally to I£339m, representing 48 per cent of the total.

The consumer products division – which includes liquid milk in Ireland and the UK – had a more successful year, with turnover growing by 6 per cent to I£297m.

Waterford is consolidating in the Manchester region, through the closure of its Didsbury plant and transfer of operations to Hyde with the loss of 250 jobs. The group is also closing a dairy at Dungarvan, Co Waterford.

Earnings per share fell from 11.10p to 1.81p allowing for restructuring costs, but the totasl dividend is raised from 2.83p to 2.97p following a 1.72p final.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
BASF (Germany)	Boots Pharmaceuticals (UK)	Pharmaceuticals	£840m	Deal completed
Pearson (UK)	Grundy Worldwide (Australia)	Broadcasting	£175m	Pearson's biggest o'seas buy
Commerzbank (Germany)	Jupiter Tyndall (UK)	Financial services	£131m	Buying 75% stake
Marley (UK)	Syroco (US)	Furniture	£87m	Associated rights issue
Sears (UK)	Sears André Retail (UK/France)	Retailing	£38m	Buying out partner
Bonomi/Benetton (Italy)	Group Lotus (UK)	Auto manufacture	£36m	Lotus changing hands again
Amstrad (UK)	Jarfalla ICC (Sweden)	Computer equipment	£7m	Buy from receiver
Welsh Water (UK)	Severoceske Vodovodny (Czech R)	Water	£6.5m	Dipping into region
SHV Makro (Netherlands)	Nurdin & Peacock (UK)	Wholesale distribution	n/a	Seeks control without bid
James Capel (UK)/ Batlivala (India)	JV	Stockbroking	n/a	Indian SE ambitions

Disposal nets £11.2m for Costain

By Andrew Taylor, Construction Correspondent

Costain, the UK construction group which is having talks with a number of companies with a view to forging an alliance with its contracting division, has sold its 40 per cent interest in GKN Kwikform, the UK scaffolding group, for £11.2m.

The stake has been bought by GKN, the UK engineering group and Kwikform's majority shareholder.

To reduce its large borrowings, Costain has previously sold its Australian coal mining and part of its US mining interests, as well as its UK commercial and residential property businesses. Its shares were up ½p at 14½p on Friday.

Costain, in which Mohammad Abdul-Mohsin Karafi, a large Kuwait construction group, has bought a 7.5 stake, also announced on Friday that it had been awarded a £50m contract to widen a stretch of the M5 close to Bristol.

The order is one of the largest road contracts to be awarded in the UK this year. "It confirms that we are still able to compete with the best UK contractors," Costain said.

Seeboard to lift 15% barrier

By Michael Smith

Seeboard, the Crawley-based electricity company, has become the second regional electricity company to announce plans to lift a restriction on shareholders owning more than 15 per cent of its equity.

It announced its decision on Friday, the day that the government's "golden shares" in each of the 12 regional companies expired.

The end of the government's direct influence on the companies removes one potential obstacle to takeovers, but the 15 per cent rule, expressed in an article of association at each of the recs, is scheduled to remain in place for another five years.

Northern Electric has already removed the restriction following a hostile bid from Trafalgar House, the conglomerate.

Institutional investors led by PosTel, the British Telecom and Post Office pension fund, have been pressing others to do the same. Most companies are expected to bring forward proposals for annual meetings in the summer.

Although hostile bids are unlikely to emerge until the electricity regulator has finished his review of distribution prices, the market believes more bidders could emerge later in the year.

Seeboard is considered to be one of the companies most vulnerable. Sir Keith Stuart, Seeboard chairman, said that even without institutional pressure, the company had been planning to propose the removal of the restriction.

He said there was no case for Seeboard to be more protected from takeovers than any other companies. "We do not want special protection. We should be judged by shareholders in the market just like any other company."

Seeboard will ask shareholders to remove the restriction at its annual meeting on July 18.

24% pay rise for Abbey chief

By Roger Taylor

Mr Peter Birch, Chief Executive of Abbey National, received a 24 per cent pay rise last year, giving him total remuneration of £408,280 of which £92,500 was performance related.

Abbey National's profits for 1994 were 32 per cent up and the dividend was increased by 27 per cent. Mr Birch also received pension contributions worth £63,841.

Mr Chris Wermann of Abbey National said "Mr Birch's pay is still below the median for the banking industry and he is paid less than the directors of most companies of comparable size".

Mr Birch was also granted options to buy 60,897 Abbey shares, bringing his total number of options to 384,705. Mr Wermann said that no-one on the board had yet exercised any of their share options.

Total payments to directors were £2.66m, up by a third on 1993's total. Much of this was due to a sharp increase in director pension contributions, which went up more than fourfold to £302,444.

Lord Tugendhat, chairman, saw his pay rise by just 7.5 per cent to £228,000.

The pay of Abbey National directors is decided by the Personnel and Remuneration Committee, which consists of the chairman and three non-executive directors.

In development, in production and in sales & services...

A unified approach to total customer satisfaction

Hitachi in Europe

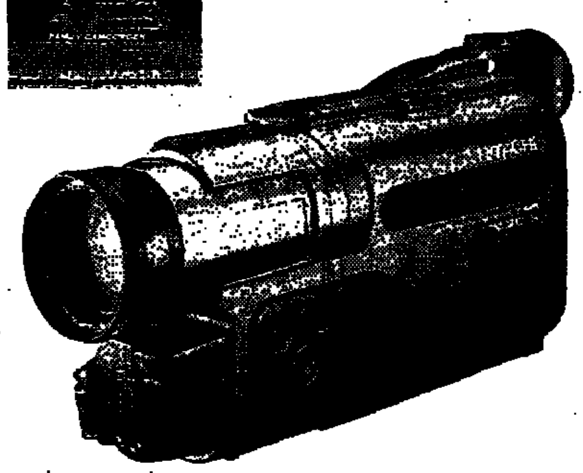
On April 1, Hitachi took a significant step forward in its approach to total customer satisfaction. In Europe, Hitachi has unified its operations and established Hitachi Home Electronics (Europe), Ltd. (HHEE). The new company combines the functions of Hitachi Consumer Products (UK) Ltd., which was responsible for production, and Hitachi Sales (UK) Ltd. and Hitachi European Centre (Consumer Products) Ltd., which handled sales and service. For televisions and other consumer products, HHEE will now oversee manufacturing at plants in Wales and other locations and marketing through 13 sales companies in Europe.

The unification will have a powerful effect on Hitachi's European operations. Dealers will get direct access to product engineers. Feedback from the marketplace will be acted on more openly, accurately, and quickly. And with a more efficient, streamlined organization, HHEE will be able to offer even more competitive pricing.

These and other advantages will help Hitachi to deliver superior products that exceed customer expectations and contribute to the quality of their lives. Products like our award-winning camcorders.

Hitachi's VM-H70E was selected as the European Family Camcorder of the Year, '94-'95, for its outstanding design and advanced features, which give customers total freedom to explore their creativity. Its successor, the VM-H81E, incorporates a sophisticated optical link and won the iF (Industrie Forum Design, Hannover) Award in 1995.

Outstanding design and advanced features made Hitachi's VM-H70E the European Family Camcorder of the Year, '94-'95.



Hitachi's commitment to making a difference is not limited to consumer goods. The same focus is an integral part of our entire product line, which encompasses more than 20,000 items for countless industries, including information systems and electronics, power and industrial systems, and materials and other products.

In all of those diverse fields, Hitachi has grown by remaining true to its corporate philosophy—contributing to society through technology. As competition intensifies in the years ahead, we will continue using our world-class R&D and technical capabilities to develop and manufacture high-quality products. Products that make a difference. In Europe, and around the world.

HITACHI

Austria Hitachi Power Tools Österreich GmbH, Hitachi Sales Warenhandels GmbH **Belgium** Hitachi, Ltd. (Hitachi Corporate Office, Europe), Hitachi Power Tools Belgium N.V./S.A., Hitachi Sales Benelux S.A./N.V. **Czech** Hitachi, Ltd. (Praha Office) **Denmark** Hitachi Data Systems A/S, Hitachi Europe Ltd. **Finland** Hitachi Europe Ltd. **France** Hitachi Computer Products (Europe) S.A., Hitachi Data Systems S.A., Hitachi Europe (France) S.A., Fiat-Hitachi Excavators France S.A., Hitachi France (Radio-TV Electro-Menager) S.A., Nissei Sangyo France S.A.R.L., Hitachi Power Tools France S.A., Hitachi Systeme De Transport (France) S.A.R.L. **Germany** Hitachi Baumaschinen GmbH, Hitachi Chemical Europe GmbH, Hitachi Denshi (Europa) GmbH, Hitachi Europe GmbH, Hitachi "Kaden" Service (Europe) GmbH, Hitachi Medical Systems Europe GmbH, Hitachi Metals Europe GmbH, Nissei Sangyo GmbH, Hitachi Power Tools Europe GmbH, Hitachi Sales Europa GmbH, Hitachi Semiconductor (Europe) GmbH, Hitachi Tool Engineering Europe GmbH, Hitachi Transport System (Europe) GmbH **Greece** Hitachi Sales (Hellas) S.A. **Italy** Hitachi Europe GmbH, Fiat-Hitachi Excavators S.p.A., Hitachi Sales Italiana S.p.A. **Netherlands** Hitachi Construction Machinery (Europe) B.V., Hitachi Data Systems Europe B.V. and Hitachi Transport Systems, Hitachi International (Holland) B.V., Hitachi Power Tools Netherlands B.V., Hitachi Sales Benelux S.A./N.V. **Norway** Hitachi Data Systems AS, Hitachi Sales Norway A/S **Russian Federation** Hitachi, Ltd. (Moscow Office) **Spain** Hitachi Air Conditioning Products Europe, S.A., Hitachi Canarias, S.A., Hitachi Europe GmbH, Hitachi Power Tools Iberica S.A., Hitachi Sales Iberica, S.A. **Sweden** Hitachi Data Systems AB, Hitachi Europe Ltd., Hitachi Sales Scandinavia AB **Switzerland** Hitachi Data Systems AG, Hitachi Sales AG **U.K.** Hitachi Credit (UK) PLC., Hitachi Data Systems Ltd., Hitachi Denshi (UK) Ltd., Hitachi Europe Ltd., Hitachi Finance (UK) PLC., Hitachi Home Electronics (Europe), Ltd., Hitachi Leasing Europe, Ltd., Hitachi Micro Systems Europe Ltd., Hitachi Power Tools (UK) Ltd., and others.

COMPANIES AND FINANCE

Madrid increases Repsol offer

By Tom Burns in Madrid

The Spanish government agreed at the weekend to increase the size of the state-owned stake it is selling in the equity of Repsol, the oil, chemicals and gas group, from 15 per cent to 19 per cent in response to stronger than expected demand from retail investors on the Madrid stock exchange.

Repsol, which had intended to offer a total of 45m shares, will add a further 12m shares to the domestic tranche of the flotation, the equivalent of 4 per cent of the equity owned by the state through the Instituto Nacional de Hidrocarburos (INH).

The increased disposal will reduce INH's ownership of the company from 40.5 per cent to just over 21 per cent and raises the total value of the offering from some Pta150bn to close to Pta200bn ($1.58bn), the largest single share offer by a Spanish company.

Repsol said that domestic demand for its shares had "exceeded all expectations" and had threatened to either make inroads on the international tranches or create "major frustrations" in the retail trade.

Analysts said domestic investors had flocked to the Repsol disposal because the company, in an innovative structure, has undertaken to reimburse retail investors for any fall in the market price of up to 10 per cent from the offer price during the 12 months following the issue.

Repsol has fixed a maximum price of Pta3.585 per share, based on average trading last week, and will announce the final offer price for institutions on April 10.

The retail tranche will be offered at a 5 per cent discount to the international price and the maximum price which has been set represents a fall of more than 1.4 per cent in the value of Repsol shares since the offer period opened last month.

The apparent success of the Repsol offering is now likely to spur the government into further partial privatisations.

Issues of publicly-owned stock in Telefónica, the telecommunications group, and in Argentaria, the state-controlled banking corporation, are expected before the end of this year.

NEWS DIGEST

Bayerische Vereinsbank to raise DM1bn

Bayerische Vereinsbank plans to raise about DM1bn ($731m) through a rights issue to help pay for further expansion of its investment, property and trade financing activities and develop its business abroad, writes Andrew Fisher in Frankfurt.

The issue will take place between April 28 and May 15 and new shares will be offered on a one-for-eight basis. No price was mentioned by the German bank, but this is likely to be at a discount to Friday's closing price of DM391.

The bank, which last week announced that its operating profits had fallen by 8 per cent to DM1.06bn – a smaller decline than at the other big German banks which have so far reported 1994 results – also intends to follow the trend towards making its shares more accessible to small shareholders by lowering their nominal value from DM50 to DM5. A proposal to split the shares in this way will be put to the annual meeting in May.

Both Deutsche Bank and Dresdner Bank are adopting the DM5 nominal share, with Commerzbank holding back. Allianz, Europe's largest insurance concern, also intends to reduce the denomination of its shares to DM5.

Bayerische Vereinsbank will give further details of its profits and strategy at its yearly press conference in Munich today. One reason its profits have held up better than rival Frankfurt banks is a strong mortgage performance. Bayerische Hypo-Bank, its Bavarian rival, has also benefited from this trend.

Profits almost doubled at Maruti Udyog

Maruti Udyog, India's biggest manufacturer of motor vehicles, reported a 93 per cent rise in pre-tax profits to Rs2.65bn ($84.35m) for 1994-1995 on sales up 50 per cent to Rs43.6bn, citing both increased production and improved cost control, writes Mark Nicholson in New Delhi.

The company, a 50-50 joint venture between the Indian government and Suzuki, the Japanese carmaker, produced a record 206,000 passenger cars – a market it dominates in India with a share of more than 65 per cent.

Output surpassed the 1993–1994 figure of 158,109 vehicles due to the completion of a Rs7bn second plant with installed capacity of 70,000 cars.

Capacity is due to expand by a further 50,000 vehicles by October and the company expects to have completed a planned third plant by 1997, adding additional capacity of 100,000 cars a year. Maruti exported 20,000 vehicles last year, earning Rs2bn – a 7 per cent rise on export earnings in 1993–1994.

The company said the profit performance was "substantially attributed" to cost reductions, which cut manufacturing and administrative costs to 4.9 per cent of net sales against 6.05 per cent a year earlier.

ISS buys Swedish healthcare group

ISS, the Danish company best-known for its office cleaning services in Europe and the US, is buying Vaardbo, a Swedish private healthcare company, for an undisclosed sum, writes Hilary Barnes in Copenhagen.

Vaardbo has an annual turnover of SKr30m ($4m) in a Swedish market estimated by ISS at about SKr50bn, with the private share at about SKr5bn. ISS expects the private market to grow dramatically over the next few years and aims to build-up a market share of 20 to 30 per cent.

The Swedish private market sprung up after responsibility for care of the elderly was transferred from counties to municipalities under the former non-socialist government of 1991–1994.

As the municipalities are under severe budgetary pressures, they are looking for new and cost-effective solutions to the problem of caring for the elderly, said ISS.

Earnings soar at Aeroporti di Roma

Aeroporti di Roma, the state-controlled company which runs Rome's two airports, nearly doubled net profit to L34.2bn ($20m) in 1994 and handled 5.3 per cent more passengers than in 1993, writes Andrew Hill in Milan.

IRI, the state holding company, controls Aeroporti di Roma through Alitalia, the national airline, which has a 56 per cent stake, and Fintecna, another subsidiary, which holds 43 per cent. Less than 1 per cent belongs to the local chamber of commerce.

Earlier this year, IRI said that it intended to sell off part of its holding. Rationalisation and restructuring ahead of privatisation have triggered a spate of strikes by airport staff in recent months.

In 1994, 20.9m passengers passed through Leonardo da Vinci airport at Fiumicino, the main Rome airport, and Ciampino, the charter, military and private jet airport. Aeroporti di Roma's turnover increased to L902bn from L803bn in 1993, when profit reached L17.5bn.

Indonesian coal venture plans flotation

Kaltim Prima Coal, the large Indonesian coal mining joint venture between British Petroleum and CRA, the Australian resources group, is to float its shares on the Jakarta stock exchange, writes David Lascelles in London.

Under its agreement with the Indonesian state coal company, KPC is required to offer its equity to public investors.

The exact proportion of shares to be offered for sale has not yet been determined, and the timing will depend on market conditions.

KPC, which operates in East Kalimantan, has Indonesia's largest coal mine, shipping 10m tonnes last year. The venture, which began in 1992, has a 30-year operating agreement with the Indonesian authorities.

New York exchanges set trading records

Trading volumes on both the New York Stock Exchange and its main rival, the Nasdaq market, set records in the first quarter of the year, writes Maggie Urry in New York.

The NYSE traded 21bn shares worth $675bn during the period, an average of 333m shares a day. March was the heaviest volume month on record when 7.8bn shares worth $257m changed hands at an average of 340m a day.

Nasdaq volume averaged 318m shares a day in the first quarter with an average value of $6.4bn. In 1994, daily volume averaged 295m shares.

Spanish state-owned groups cut their losses

By David White in Madrid

Spain's state-controlled airline, aluminium and electronics companies, all reduced their losses last year, Mr Javier Salas, chairman of the Instituto Nacional de Industria (INI) holding group, said.

State pulp factories and potash mines, meanwhile, moved into profit after losses in 1993.

Teneo, the holding company set up three years ago to group INI's more solid subsidiaries, showed group net profits of Pta30.3bn ($240m) after minority interests, compared with Pta2.6bn in 1993.

Teneo's consolidated turnover rose to Pta2,020bn from Pta1,767bn, with exports rising 23 per cent to Pta633bn. Mr Salas described Teneo as Spain's largest industrial group. However, the poor presentation of its results make it one of the least transparent.

Mr Salas said figures for INI as a whole, which also includes coal, steel, shipbuilding and defence interests which have been undergoing restructuring programmes, were not yet finalised but showed a more spectacular improvement than Teneo's.

The figures show that Teneo remained heavily dependent for its profit on Endesa, the electrical utility in which it holds almost 67 per cent. Earnings at Endesa and smaller energy interests rose by Pta13bn to Pta143bn.

The Iberia airline group, currently awaiting a European Commission decision on a proposed Pta130bn state aid plan, reduced losses from Pta69bn to Pta44bn. Inespal, the Spanish aluminium producer, cut its losses from Pta25bn to Pta16bn, and the Indra defence electronics company from Pta7bn to Pta3bn.

The Ence pulp company produced a Pta2bn profit after losing Pta9bn the year before.

Following its strategy of concentrating its interests, the group sold interests in the Trasatlántica shipping company, the Artespaña crafts business and Sodiga, a risk-capital venture in Galicia.

Mr Salas gave no hint on further divestment but said Teneo was looking at possibilities "in practically all sectors" for forging alliances or opening up to outside shareholders.

He indicated that Iberia would seek to reduce its current 85 per cent shareholding in Aerolíneas Argentinas, the Argentina flag carrier.

Norske Skog plans NKr840m expansion

By Karen Fossli in Oslo

Norske Skog, Norway's largest pulp and paper producer, has disclosed plans to invest NKr840m ($137m) in France and Norway to boost output of newsprint and particle board.

In France, the company will increase its shareholding in Papeteries de Golbey (PdG) from 49 per cent to 84 per cent through the acquisition of a 35 per cent stake in the newsprint mill held by E. Holtzmann.

Norske Skog will pay NKr250m for the shareholding and will take on Holtzmann's NKr191m subordinated debt.

Settlement of the deal will be partly in cash, of which 30 per cent of the total will be paid over the next three years, and partly through the issue of 486,500 Norske Skog B-shares priced at NKr183 each.

The deal will strengthen Norske Skog's position as one of Europe's leading newsprint suppliers and boost its sales volume of newsprint by 100,000 tonnes a year without creating new capacity which could disturb market balance.

The PdG mill, which came into production in 1992, is one of the most recently built and modern facilities of its type in Europe and has annual capacity of 250,000 tonnes. However, it had a difficult start because during the period 1991–1994 newsprint prices sunk by as much as 40 per cent.

"Norske Skog expects this period to be over soon, and views the company's future profitability with optimism," said Mr Jan Reinaas, chief executive.

Since last summer the market for newsprint has strengthened considerably leading to sharp price increases by the end of 1994.

The company also announced an investment of NKr325m in a new production line at Braskereidsfoss, Norway's biggest particle board producer, and that it would pay NKr76.9m to acquire Adgnes Fabrikker, another domestic particle board producer, from Kosmos.

"Our intention is to create a larger and more competitive unit in the Norwegian chipboard industry. Both the investment at Braskereidsfoss and the purchase of Adgnes Fabrikker is strategically important to secure the long-term competitiveness of Norske Skog's particle board production," Mr Reinaas said.

After the domestic investments, its particle board capacity will be 490,000 cubic metres.

Malaysian groups slip

By Kieran Cooke in Kuala Lumpur

Two Malaysian companies involved in important projects in the country's fast expanding infrastructure sector have announced a dip in profits.

Ekran, which is behind the development of a M$15bn ($5.9bn) hydro power scheme in East Malaysia described as south-east Asia's biggest infrastructure project, has reported pre-tax profits down 17 per cent to M$41m for the half-year ending December 31 1994, on sales up 18 per cent to M$182m.

Tanjong, a gaming group controlled by Indian-Malaysian tycoon Mr Ananda Krishnan, has reported pre-tax profits for 1994 of M$212m, a 20 per cent drop on the previous year. Group turnover rose 5 per cent to M$1.39bn.

Companies backed by Mr Ananda are behind the development of the M$5bn Kuala Lumpur city centre project. Included in the project is the construction of twin towers which will rise 446 metres: the city centre's developers say that when the structures are completed early next year they will be the world's tallest office buildings.

MONTHLY AVERAGES OF STOCK INDICES

	March	February	January	December
FT-SE Actuaries Indices				
100 Index	3078.2	3051.7	3028.3	3026.6
Mid 250	3380.0	3415.4	3442.4	3447.3
350 Share	1529.8	1523.1	1516.9	1516.7
Non-Financial	1631.47	1631.02	1631.29	1622.39
Financial Group	2170.51	2125.71	2084.15	2134.40
All-Share	1511.04	1506.17	1501.87	1502.42
Eurotrack 100	1249.77	1322.93	1315.78	1333.34
Eurotrack 200	1347.59	1381.87	1373.26	1384.55
FT-A World Index	174.00	171.25	170.31	170.85
FT Indices				
Government Securities	91.42	91.20	90.84	91.79
Fixed Interest	110.00	109.87	109.28	109.84
Ordinary	2353.98	2318.8	2314.3	2327.9
Gold Mines	1614.63	1714.88	1803.82	1888.49
SEAQ Bargains(5.00pm)	29,559	21,747	19,820	17,831

	Highest Close Mar	Lowest Close Mar
FT-SE 100	3176.2 (30th)	2977.0 (7th)
FT-SE Mid 250	3438.6 (30th)	3300.9 (8th)
FT-SE 350	1573.5 (30th)	1485.5 (7th)
FT-A All Share	1552.48 (30th)	1470.41 (7th)
Ordinary	2433.6 (30th)	2277.6 (7th)

مكرر من الاصل

هكذا من الاصل

FINANCIAL TIMES MARKETS THIS WEEK

Global Investor / Tony Jackson in New York

Power without responsibility

It is the season of annual meetings in corporate America, and institutional activists are wheeling out the tumbrils. Off go the heads of underperforming companies, from the president of retailer Kmart, to the chairman of construction group Morrison Knudsen. Out goes most of the board of the chemical company WR Grace, including the chairman, Mr Grace himself.

In the US, the public use of shareholder power to unseat management has become almost commonplace. The process is more novel abroad. The recent case of the UK advertising agency Saatchi and Saatchi, in which the chairman was ejected under US pressure, still rumbles on. The dissidents managed to drive off not only the boss, but several of the company's key managers and some of its biggest accounts.

Given that the big US institutions are steadily increasing their overseas investments, this raises the obvious question of how far they are exporting their activism. While slightly embarrassed over the Saatchi affair, the activists are undeterred. The tide of events, they say, is running their way.

Among the most aggressive US institutions are the public sector pension funds, such as those of New York or Wisconsin. As a class, the public sector funds have more than tripled their overseas exposure in the past three years, from 3 per cent of assets to more than 11 per cent.

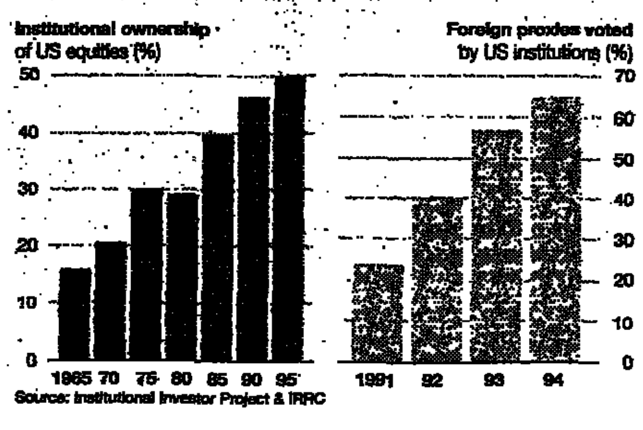
At the same time, US pension funds are being exhorted by the US government to exercise their voting rights both at home and abroad. In guidelines issued last summer, the US Department of Labor said it was the fiduciary duty of funds "to vote proxies on issues that may affect the value of the plan's investment".

The same principles applied, it said, "for proxies appurtenant to the shares of foreign corporations". Not surprisingly, the proportion of foreign proxies voted by US institutions is estimated to have risen from 24 per cent to 65 per cent in the past three years.

If foreign companies are to be introduced to US-style shareholder power, they are in for a shock. One of the most striking differences between the US and elsewhere is the public way the institutions go about their business. Calpers, the giant Californian public sector pension fund, publishes an annual hit list of companies which it plans to tackle directly on grounds of underperformance. This year's list ran to nine, including Kmart and US Shoe – now breaking itself up in the face of a hostile bid. Similar lists are published by the State of Wisconsin Investment Board and the New York City pension funds.

Action against individual companies is equally public. Last summer, Kmart's boss, Mr Joseph Antonini, put forward a plan for restructuring his ailing company. The Wisconsin Investment Board put out a press release opposing it. The College Retirement Equity Fund (CREF) followed suit.

US institutions on the march



Source: Institutional Investor Project & IRRC

Total return in local currency to 30/3/95

	US	Japan	Germany	France	Italy	UK
	% change over period					
Cash						
Week	0.12	0.05	0.09	0.16	0.20	0.11
Month	0.51	0.20	0.42	0.52	0.85	0.54
Year	4.69	2.38	5.44	6.03	8.31	5.88
Bonds 3-5 year						
Week	0.23	0.54	0.50	1.28	1.14	0.07
Month	0.73	2.81	2.14	1.42	-0.05	1.23
Year	4.25	5.98	5.07	3.12	1.07	5.03
Bonds 7-10 year						
Week	0.56	0.66	0.29	1.10	1.74	0.39
Month	0.90	4.45	1.93	1.79	-0.38	1.96
Year	4.99	7.21	2.64	-0.30	-7.94	3.92
Equities						
Week	1.3	6.1	-1.1	4.8	3.7	1.3
Month	3.0	-1.8	-8.4	6.2	-2.3	5.8
Year	16.3	-15.6	-11.4	-6.3	-10.2	5.3

Source: Cash & Bonds - Lehman Brothers. Equities-© NatWest Securities.
The FT-Actuaries World Indices are jointly owned by The Financial Times Limited, Goldman Sachs & Co., and NatWest Securities Limited.

The proposal was duly voted down. Kmart fought on, and the $47bn Teamsters' fund put out a press release calling its behaviour "renegade" and "lawless". Mr Antonini hung on until a fortnight ago, when he resigned. Under the circumstances, one rather admires his staying power.

The showdown at WR Grace was prompted by the resignation a month ago of its highly regarded chief executive, Mr JP Bolduc. Details then emerged of some unconventional financial transactions involving both the chairman, Mr Peter Grace, and his son.

The institutions duly proposed a vote that all directors over 70 should retire. This took out Mr Grace, 81, and two thirds of his colleagues.

From a non-US viewpoint, all this raises the spectre of power without responsibility. The institutions are prepared to impose potentially enormous change on large and complex corporations, thereby affecting the lives of many thousands of employees, suppliers and customers. Are they prepared to commit themselves as loyal shareholders in return?

Certainly not, say the activists. When a company is undervalued, they seek to correct the situation. Once that has been accomplished, they are entitled to the gratitude of their fellow shareholders. But if the shares are now fully valued, why on earth should they be obliged to hold on to them?

Some would go further. The trouble about activism, they say, is that it generally comes too late. Take Morrison Knudsen, a venerable construction concern which in its heyday built the Hoover Dam and the trans-Alaska pipeline. The company, whose chairman Mr Bill Agee was forced out two months ago, is facing bankruptcy. Last year it lost $310m, and its shares are down from $30 a year ago to less than $6.

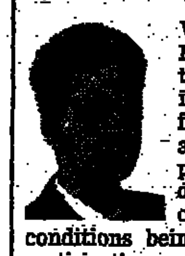
In the end, Mr Agee was ousted not by the shareholders, but by the banks. Where were the institutions when their asset was crumbling? One activist, Sarah Teslik of the Council of Institutional Investors, acidly remarks that when executives are removed like this, journalists write that there were "warning signs". But a collapse in earnings and share price is not a sign. From the shareholders' viewpoint, it is the thing itself.

Teslik has a modest proposal for the reform of corporate governance. Let company boards be abolished and replaced by a machine for monitoring the chief executive. The machine would automatically record share price, earnings, dividends and other key data such as the prevalence of corporate jets or mistresses on the payroll. When the rating reached a certain level, the CEO would be automatically ejected.

For non-US chief executives, this kind of talk is nonsensical. They should be warned. In Washington last week, Teslik's organisation hosted a meeting between US institutions and their foreign counterparts, with the aim of establishing the kind of links which US activists employ at home. The meeting will be repeated next year in London. Like a creeping virus, shareholder power is going international.

Economics Notebook / Robert Chote

Structural differences



Whatever the Maastricht treaty might imply, successful adoption of a single European currency does not hinge on economic conditions being similar in participating countries at the time it takes place. Much more important is that these economies respond in similar ways to external disturbances and to the policy instruments of a European central bank.

The Maastricht treaty's "convergence criteria" demand that aspirants to monetary union have low inflation rates, small budget deficits and modest government debt burdens. Mr Eddie George, the governor of the Bank of England, goes further. He argues that they should have similar structural unemployment rates as well.

The logic is obvious, given the tensions which have pulled apart the European exchange rate mechanism. A single currency implies a single central bank setting a single interest rate. If the doctor has to prescribe the same dose of the same medicine to every patient, it would help if they could be relied upon to have the same disease at the same time.

The ERM came to grief in 1992 because different countries needed different medicines, but were given the same one. The Bundesbank raised interest rates in Germany to offset the inflationary consequences of unification. Other ERM members had to follow suit to keep their currencies tied to the D-Mark, despite conditions in their own economies which suggested that rates should be lower rather than higher.

But even if circumstances in economies are similar at a given point in time, that does not mean they will stay that way. One problem is that a given external disturbance may hit some countries in different ways to others. The impact of unification on Germany was a good example.

Looking at the degree to which national output diverges from its trend path suggests that a small group of nations – Belgium, the Netherlands, Austria, Luxembourg and perhaps France – are hit by similar shocks to Germany most of the time. This suggests that the same policy response to a particular economic disturbance would probably suit them all.

But it is not only important that economies constrained by a single interest rate policy should face the same disturbances at the same time. They also need to react to both the disturbances and the policy response in similar ways.

One problem is that structural differences mean that consumers in the various European countries do not respond to changes in interest rates and their incomes in the same way. This is the theme of a paper written by economists at the universities of Kent and Athens, and presented to last week's conference of the Royal Economic Society*. It casts further doubt on the wisdom of a single currency extending beyond the three or four countries whose economies are linked most closely with that of Germany.

The study finds that the impact of changes in income on consumer spending vary widely between countries and over time. A 10 per cent rise in income would boost consumer spending in the short-term by about 5 per cent in Belgium, 6 per cent in the UK, 7.5 per cent in Germany and 11 per cent in Denmark. But in the longer term the impact would be greater in the UK than in Germany and greater still than in Denmark.

The speed with which consumer spending settles into a new long-term relationship with income also varies widely from country to country. In Spain 80 per cent of the adjustment takes place in a year, compared with just 30 per cent in Germany and 50 per cent in Denmark. So the authors argue that even if a disturbance demanded a one-point interest rate rise in every country, the ideal timing of that response would vary. This would not be possible if a European central bank were setting a single interest rate for the new currency.

The paper does not attempt to explain why consumer behaviour differs so widely. But some clues can be discovered from the global economic model of the National Institute of Economic and Social Research. The graphic shows the impact on consumer spending in the UK and Germany of a one-point rise in interest rates sustained for three years, with policy aimed at cutting inflation by half a percentage point for six years.

The impact on consumers in the UK is clearly greater than in Germany (and France and Italy too) for three reasons.

First, higher interest rates push down share and bond prices. Britons hold more of their wealth in this form than other Europeans, so they feel poorer and spend less.

Second, people in the UK hold a relatively small proportion of their wealth in interest-bearing form, so the total boost to the incomes of savers is comparatively modest.

Third, Britain has more mortgage-holders for whom higher interest rates imply higher housing costs. Mortgage debt is equivalent to two thirds of household disposable income in the UK, but less than half in France and a less than a quarter in Germany.

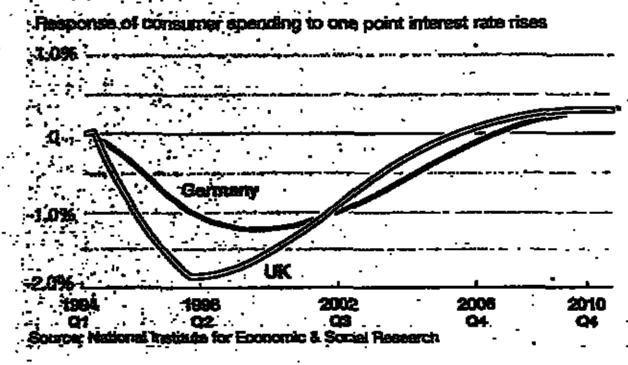
Other factors may influence the response of consumer spending to changes in income and interest rates too. This includes age structures, pension arrangements and people's confidence that rises in income will endure.

Countries deciding whether to participate in a single European currency would do better to look at factors like these than at whether their inflation rates and budget deficits happen to meet the Maastricht criteria at a given moment. For the likes of Britain, they provide further evidence that embracing the Ecu may be a course fraught with danger.

The propagation of shocks and consumer spending in the EU, by A Carruth, H Gibson and E Tsakalotos, 1995.

Same weapons but differing impacts

Response of consumer spending to one point interest rate rises



Source: National Institute for Economic & Social Research

COMMODITIES Richard Mooney

Copper outlook studied

There is widespread agreement in the base metals sector that copper stands alone in unquestionably having the fundamentals to justify its present high price level. So far 1995 has seen a modest retreat from the peak reached after last year's 70 per cent rally. But prices remain profitable for most producers and look like remaining so for some time.

Nevertheless, producers of the metal cannot afford to take that for granted; and consumers need to keep abreast of developments in the industry and the likely course of prices in the longer term.

To that end many are gathered in Hamburg, Germany, this week for a conference organised by Metal Bulletin magazine. The three-day 8th International Copper Conference, which started yesterday, is taking a broad look at the sector, reviewing, in the words of the conference brochure, "all the critical issues facing the global copper industry as we move through the 1990s. From mine source through to end-user, we will be looking at the supply-demand fundamentals and other areas of key importance to copper industry executives".

A view of medium term copper price prospects was given last Friday, at a conference organised by James Capel, by Mr Jon Bergtheil, the broker's metals analyst.

Shortages in the first half of this year could bring the copper stocks/consumption ratio down to 4.7 weeks from the end-1994 level of 5.4 weeks – which was not conducive to a sharp bear market, Mr Bergtheil said. But surpluses were looming in the second half of the year – which was not conducive to a bull market either.

"Our assessment is that the metal is now very close to its peak for the next five years. Yet the low inventories with which it starts this bear market will result in a gradual drift-off in price rather than a severe downturn."

● Today sees the start of a 5-day UN Food and Agriculture Organisation committee meeting in Rome on commodity problems.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY MARCH 31 1995 US Dollar Index	%chg since 30/12/94	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 30/12/94	Gross Div. Yield	THURSDAY MARCH 30 1995 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (68)	161.62	-5.8	147.10	88.27	114.99	148.55	-0.4	4.05	158.94	147.59	90.00	118.57	145.14	180.82	157.95	182.46
Austria (16)	185.75	1.6	169.09	101.45	132.15	132.10	-10.2	1.23	178.82	168.04	101.25	131.15	131.09	198.89	167.48	181.00
Belgium (35)	182.59	8.4	166.22	98.72	129.91	128.56	-4.3	4.22	177.94	165.22	100.75	130.50	127.26	182.59	161.53	165.99
Brazil (26)	111.80	-31.5	101.77	61.06	79.54	184.59	-27.4	1.78	115.81	107.54	65.57	84.94	192.39	–	–	–
Canada (103)	134.04	3.6	122.01	73.20	95.36	138.15	3.6	2.57	134.66	125.04	76.25	98.76	136.49	140.25	120.54	130.33
Denmark (33)	260.38	3.4	237.02	142.20	185.25	192.15	-7.8	1.65	252.41	234.37	142.92	185.12	191.61	275.27	236.61	264.80
Finland (24)	178.42	-4.0	162.42	97.44	126.94	160.95	-13.0	1.48	172.20	159.89	97.50	126.29	159.52	201.41	133.88	142.01
France (101)	181.68	11.1	165.37	99.21	129.25	138.67	-0.2	3.15	179.17	166.36	101.45	131.40	138.48	181.88	157.79	170.40
Germany (58)	146.74	3.6	133.55	80.14	104.40	104.40	-6.6	2.14	142.25	132.09	80.55	104.33	104.33	154.61	132.06	137.25
Hong Kong (56)	347.07	6.4	315.89	188.55	246.93	344.54	6.3	3.88	349.66	324.70	198.00	256.47	347.15	416.42	277.40	374.62
Ireland (16)	217.94	5.7	198.36	119.03	155.06	189.27	0.1	3.61	212.73	197.54	120.45	156.02	187.50	217.94	177.56	181.57
Italy (58)	68.85	-8.2	62.67	37.60	48.99	87.27	-3.9	1.75	69.01	64.08	39.06	50.61	88.86	97.76	65.45	87.19
Japan (484)	152.27	-3.0	138.59	83.16	108.34	83.16	-16.0	0.92	148.32	137.72	83.96	108.78	83.98	170.10	138.95	151.71
Malaysia (97)	487.75	1.8	443.99	266.38	347.03	475.73	0.9	1.66	486.73	451.95	275.60	356.98	475.97	594.76	398.16	441.05
Mexico (18)	654.72	-39.6	778.06	468.80	608.10	6275.23	-17.7	1.73	842.44	782.24	477.00	617.85	6249.55	2414.12	647.81	2051.85
Netherland (19)	236.80	8.8	215.52	129.33	168.46	165.34	-4.1	3.78	233.17	216.51	132.02	171.01	167.97	236.80	191.28	165.19
New Zealand (14)	75.69	7.4	68.89	41.34	53.85	81.48	5.2	4.80	74.98	69.62	42.45	54.99	61.28	77.20	62.05	62.89
Norway (23)	209.88	-1.5	191.06	114.83	149.32	174.66	-10.7	2.26	206.13	191.40	116.71	151.18	175.52	216.09	177.53	193.57
Singapore (44)	363.66	-2.5	331.00	168.62	258.74	236.58	-5.6	1.82	358.54	332.92	203.01	262.96	234.90	401.38	297.62	304.51
South Africa (58)	340.17	1.0	309.66	185.78	242.02	265.91	-11.3	2.56	333.22	309.41	188.68	244.39	382.18	342.00	205.55	233.10
Spain (38)	130.04	-1.4	118.37	71.02	92.52	124.13	-5.7	4.45	127.89	118.75	72.41	93.79	124.47	150.21	124.10	140.24
Sweden (46)	234.03	-0.3	213.01	127.82	166.51	255.34	-0.6	2.24	232.87	216.23	131.86	170.79	257.29	247.40	196.70	205.30
Switzerland (47)	183.53	11.1	167.07	100.23	130.57	128.12	-4.4	1.98	177.97	165.26	100.77	130.53	129.10	163.53	149.91	161.94
Thailand (46)	141.46	-10.6	128.77	77.27	100.66	135.35	-12.2	3.11	141.38	131.26	80.04	103.68	135.79	–	–	–
United Kingdom (203)	207.16	6.3	188.55	113.14	147.39	188.55	2.1	4.35	205.26	190.59	116.22	150.54	190.59	207.16	181.11	188.33
USA (511)	204.49	8.9	186.14	111.66	145.48	204.49	8.9	2.78	205.24	190.57	116.21	150.52	206.24	205.79	178.95	181.63
Americas (680)	187.12	7.4	170.34	102.20	133.13	157.19	7.8	2.75	187.85	174.42	106.36	137.77	157.61	–	–	–
Europe (719)	178.38	5.6	162.36	97.41	126.80	147.21	-2.3	3.31	175.51	162.98	99.37	128.72	148.50	178.36	180.69	165.71
Nordic (128)	228.06	0.7	205.78	123.46	160.83	201.58	-4.3	2.01	222.47	206.57	125.96	163.16	202.13	235.72	197.70	202.30
Pacific Basin (809)	160.22	-2.5	145.83	87.51	113.98	93.35	-13.5	1.28	156.60	145.41	88.87	114.85	94.11	176.86	145.88	159.54
Euro-Pacific (1528)	167.68	0.9	152.64	91.58	119.30	113.93	-8.8	2.17	164.38	152.69	93.07	120.56	114.99	176.14	154.73	161.98
North America (614)	200.12	8.7	182.17	109.29	142.36	199.83	8.7	2.77	200.87	186.51	113.73	147.32	200.55	201.34	175.67	178.44
Europe Ex. UK (516)	159.12	5.1	144.85	86.90	113.21	124.33	-4.7	2.71	155.95	144.81	88.20	114.38	125.28	159.12	144.12	149.71
Pacific Ex. Japan (325)	239.02	0.8	217.55	130.54	170.06	211.03	1.2	3.26	238.01	221.00	134.77	174.58	210.90	273.13	211.19	238.75
World Ex. US (1736)	167.97	0.4	152.91	91.74	119.61	117.21	-8.8	2.19	164.82	153.04	93.32	120.66	118.14	176.66	155.42	182.95
World Ex. UK (2044)	176.13	3.0	160.33	96.19	125.31	138.31	-3.2	2.19	174.24	161.79	98.88	127.79	139.12	178.59	163.46	168.22
World Ex. Japan (1763)	194.76	6.1	177.29	106.37	133.56	180.16	3.1	2.99	193.86	180.08	109.76	142.19	181.07	194.76	178.34	178.86
The World Index (2247)	178.85	3.3	162.80	97.66	127.24	142.70	-2.8	2.40	176.95	164.31	100.19	129.78	143.61	180.80	165.92	168.17

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local); Brazil, Thailand and Americas: Oct 31, 1994 = 180.44 (US $ Index), 164.07 (Pound Sterling) and 149.94 (Local).

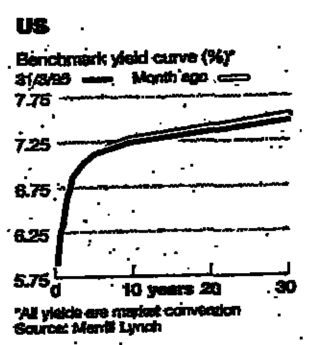
WORLD BOND MARKETS: This Week

NEW YORK — Richard Waters

Evidence on *US* economic conditions in March will begin to emerge this week, a process that will lay the ground for the next meeting of the Federal Reserve's policy-making committee next month.

The picture is generally expected to be one of continuing moderate growth after a slowdown in the economy during the first three months of the year. That should be good news for bonds, which have already notched up some useful gains this year (the yield on the 30-year bond ended the first quarter below 7.5 per cent, around 50 basis points lower than at the beginning of the year).

This happy picture, though, remains vulnerable to the turmoil of the currency markets and conflicting signals on the economy. Continuing dollar weakness and an upwards revision of economic growth in the final months of last year combined to produce a bumpy end to last week's volatile trading.



As long as the dollar's woes continue, scaring foreign investors (including central banks) away from the Treasury market, volatility will remain.

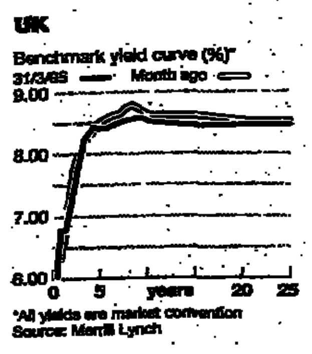
The most important economic news this week will be Friday's March employment report. Non-farm payrolls are expected to rise by around 225,000, with the unemployment rate steady at 5.4 per cent. At this level, job growth would be slightly below the average of recent months.

LONDON — Martin Brice

Gilt investors and traders will be keeping a close eye on Wednesday's monthly monetary policy meeting between Mr Kenneth Clarke, the chancellor of the exchequer, and Mr Eddie George, governor of the Bank of England, particularly following last week's surprise *interest rate cut* by the Bundesbank.

New Japan Securities puts only a 40 per cent probability on the meeting deciding on a UK rate rise, but some analysts say that Mr George could justify such a move by pointing to the increase in producer output and input prices, *labour costs growth* and the fall in sterling. The output gap is reducing, since revised GDP figures show growth of just above 4 per cent in the fourth quarter last year.

However, Mr Clarke can point to the deceleration in economic growth in the first quarter of this year, smaller falls in unemployment, which should restrain wages growth,



and the effect of tax increases due this month.

New Japan Securities shares the view of some other analysts that Mr Clarke will prefer to wait until May, when the next Bank of England inflation report is released, and also to see to what extent sterling recovers after the surprise from the Bundesbank.

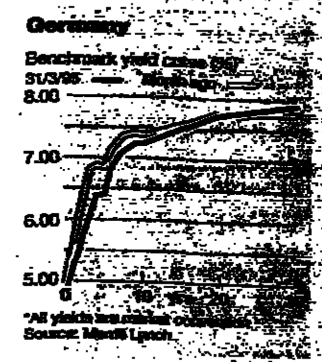
The UK 10-year yield spread over Germany closed on Friday *at 150 basis points, widening* from 145 points on Thursday.

FRANKFURT — Andrew Fisher

Bond and currency markets *are still digesting last* week's interest rate cut by the Bundesbank, the first since last summer. It came as a surprise to many, although the D-Mark's rise had made such a move less improbable than in previous months. The reaction in bunds was mixed, with traders waiting to see what happens on the inflation front.

"It is to be hoped, at the start of wage negotiations in the public sector, that the central bank's measures are not interpreted as a false signal by public authorities as far as cost-consciousness and deficit reduction are concerned," said Landesbank Rheinland-Pfalz. The Bundesbank said when announcing its cuts that it was still watching inflation closely.

It has left itself some flexibility by putting the next repo operations, after this week's 4.50 per cent fixed-rate tender, on a variable basis. "Switching back to variable *rates puts an element of* uncertainty in the market,"



says Mr Richard Reid of UBS. "Historically, rises in headline rates have often been preceded by the Bundesbank shorting the market of funds in the repo operations and talking hawkishly so subsequent hikes in official rates can be claimed to be led by the market."

He does not expect the half point discount rate cut to 4 per cent to be reversed quickly; the first rise could come in the fourth quarter as inflation and budget concerns increase.

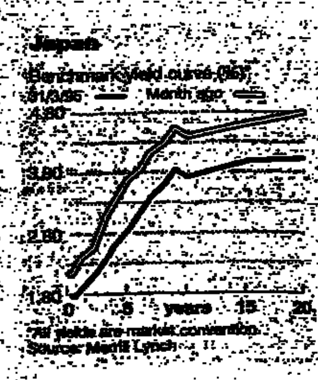
TOKYO — Emiko Terazono

The Bank of Japan's unprecedented announcement last week that it would guide short-term rates lower without cutting the official discount rate seems to be the result of an internal debate within the central bank.

The argument for an ODR cut has persisted over the past few months, with the economic recovery looking increasingly fragile due to the rise in the yen, falling inflation and a weak stock market. However, the bank needs concrete evidence of a downturn before such a move.

It also probably wants to avoid being seen to be *responding to political* pressure and international events as it did in the late 1980s, which subsequently led to the "bubble" in asset prices.

Investors are now focused on the uncollateralised overnight call rate, which is controlled by the bank. "The BoJ has maintained a margin between the *ODR* and the call rate of at least 28 basis points, but it now



appears that they are willing to let the call rate fall even below the ODR," says *S.G. Warburg in Tokyo.*

Since a 50 basis point cut in the ODR would have brought it down to 1.7 per cent, a fall in the call rate to that level could serve the same purpose. However, with the yen likely to test new highs this week, further depressing business confidence, the central bank may not be able to evade an ODR cut much longer.

Preference shares

Merrill tests euro-waters with Argentaria

Merrill Lynch has been rather good at selling preference shares to investors in the US but now that interest there has waned, it has switched its efforts to the eurobond market.

Preference shares are a cross between debt and equity. Although the investor receives a dividend, the product tends to trade like a bond. In the US, there is a well-established and liquid market in preference shares, the most popular being fixed-rate perpetual issues. According to Salomon Brothers, they represent 60 per cent, or $40.7bn, of the US preference share market.

The main issuers of these preference shares have been banks, because *they* can use them to meet tier one capital requirements at a relatively low cost. Companies have also issued preference shares to take advantage of tax benefits.

The relatively high yields on preference shares made them popular with US investors, especially retail customers, when interest rates fell sharply in the early 1990s. However, the rise in US interest rates last year made them less attractive to investors and hence more expensive to issue. The result was a halving in issuance of fixed-rate preference shares in the US to about $12bn in 1994 from $25bn in 1993, according to Merrill.

Preference shares have not had the same *success in* Europe, mainly because European retail investors tend to be more conservative than their American counterparts and stick to either shares or bonds.

The lack of demand for preference shares in Europe has prompted European banks to go to the US to bolster their capital base. Over the last four years, Barclays Bank, National Westminster, Midland Bank, Royal Bank of Scotland, Santander, Banco Bilbao Vizcaya and Crédit Lyonnais are just some of those to have tapped the US market.

Their offerings have been *denominated in dollars and* bankers say it is unlikely that US investors will buy preference shares in other currencies. However, European banks and companies may soon be able to do just that if Merrill succeeds in arousing sufficient interest in preference shares in the eurobond market.

Merrill says there is demand among traditional buyers of eurobonds for preference shares. It notes that around one-third of some of the US offerings it has arranged are *held by international investors.* Furthermore, eurobond traders are now making a market in US preference shares.

Initial soundings by Merrill for its test case, a DM200m deal for Argentaria, the state-controlled Spanish bank, have been positive. In particular, there has been interest from Latin American accounts.

Merrill is keen for the Argentaria deal to be a success so that other financial institutions can follow suit. More importantly, perhaps, it will open up a new line of business to compensate for the big fall in eurobond issuance this year. *Merrill can also earn* much larger fees on preference share issues than on run of the mill eurobond transactions.

Eurobond syndicate managers at other investment banks will be watching the Argentaria offering with interest but it has been hard to find any who share Merrill's optimism that a euro-preference share market will take off.

Many syndicate managers in London and Frankfurt generally believe that the demand among retail investors in the *eurobond market is for maturi*ties of up to five years and that they are unlikely to venture further down the yield curve until the outlook on interest rates becomes clearer.

One syndicate manager notes that trading activity in *Genussscheine* (a German variation on preference shares and usually issued by banks) has virtually dried up because of the lack of demand for long-dated paper.

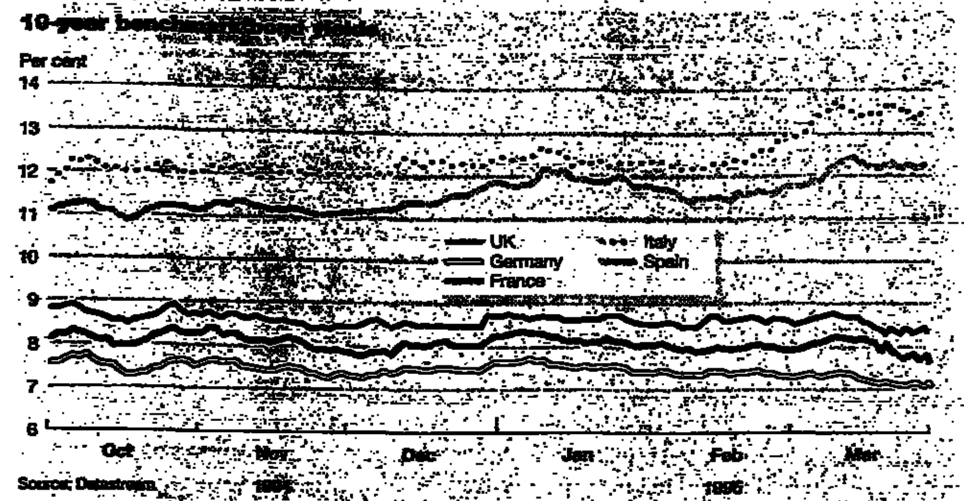
As a result, 10-year Genussscheine issued by triple A rated Deutsche Bank are now yielding 140 basis points over 10-year German government *bonds (bunds). By comparison,* the planned margin of 195 basis points over bunds on preference shares from double A rated Argentaria is hardly generous.

Another point which investors must take on board before parting with their money is that if Argentaria has a very bad year, it will not declare dividends. Furthermore, since the shares are non-cumulative, the missed payment is never paid, even when subsequent payments are resumed.

By *all accounts,* Argentaria is well-capitalised bank with a rosy future so a missed dividend might never occur, but the risk is there. Investors should also be aware that the main reason for Argentaria doing this deal (apart from getting cheap tier one capital, of course) is so that the bank's directors can boast that they were the first to do a euro-preference share offering.

Since there is no guarantee that a liquid euro-preference share market will develop, investors might want to wait and see how these shares trade before jumping in. Otherwise *they could be stuck with an* illiquid instrument and the cold comfort that they made it possible for Merrill to earn a fat fee and for Argentaria to cock a snook at its rivals.

Antonia Sharpe



INTEREST RATES

	US	Japan	Germany	France	Italy	UK
Discount	[illegible]	1.75	4.00	[illegible]	8.25	6.75
Overnight	[illegible]	[illegible]	4.82	7.75	8.73	6.31
Three month	5.89	1.71	4.67	7.75	11.00	6.62
One year	6.51	1.71	4.95	8.03	11.62	7.50
Five year	7.08	2.83	7.12	7.60	13.30	8.34
Ten year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(1) [illegible]

US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	103-29	[illegible]	[illegible]	104-02	103-03	271,016	321,107
Sep	103-[illegible]	103-16	-0-01	103-20	102-22	467	17,347
Dec	102-18	[illegible]	-0-01	103-08	102-12	117	1,537

International bonds

A tough first quarter for dealers

This year is turning out to be a tough one for dealers in the international bonds markets. After a flurry of activity in the first few weeks, activity has tailed off.

According to data supplied by Euromoney Bondware, the value of new bond issues will have reached about $103.3bn in the first three months of the year, *a fall of some 18.1* per cent from the $126.1bn of the same 1994 period. Activity was also lower than in 1993, when new issuance in the quarter amounted to $115.2bn.

Volatility in the markets is affecting investor sentiment. In particular, the financial crisis which followed Mexico's devaluation in December has frightened fund managers away from emerging and other high risk markets.

After a revival in Latin American bond issuance last year, syndicate managers have found it more difficult to tempt investors by new Latin issues.

Only three issues for a total of $360.8m have come from Latin America so far this year, compared with 39 issues from the region for $5.97bn in the first quarter of 1995.

Traders say that with bond prices falling in southern Europe and other high yield *markets, a number of govern*ment and regional authorities have had more difficulty in bringing issues to the markets.

But the market's problems also reflect the fact that many governments and businesses are turning to the syndicated loan market to raise money.

For many borrowers, the loan *market,* where cash-rich banks are engaged in fierce competition to win new business, has offered better value.

Competition in the market was demonstrated last week when a *facility* for 3i, the UK investment capital group, was oversubscribed one and a half times. Loan spreads have been reduced by about 50 per cent over the last 12 months.

Figures from Euromoney confirm a sharp rise in loan activity, with the total value of syndicated loans rising from $48bn in the first quarter of 1994 to $81.57bn in the same period this year.

The syndicated loan market has provided funding for sovereign borrowers such as Italy and Sweden – active players in the bond market.

The spread over Libor of 8 basis points achieved by Italy when it completed a Ecu5bn facility in mid-February compared with a rate of 40 to 60 points over Libor which, *according to dealers, it would* have been able to get through raising fixed-rate debt and then swapping into floating-rate obligations.

Indeed, eurobond managers insist that the narrowing of spreads in the swaps market is an important part of the market's difficulties.

When swap rates – which are quoted in basis points over the equivalent Libor floating rate – are high, it is attractive for some borrowers to swap the proceeds from fixed-rate eurobond issues (which account for between two-thirds and three-quarters of all issuance) into floating-rate obligations.

Possibly as much as 80 per cent of all eurobond issues are swapped into floating-rate paper, in deals that can reduce borrowing costs to rates lower than those obtainable in conventional markets.

This year though, swap rates quoted by dealers in short-term dollars and sterling have narrowed sharply, reducing the attractions of swaps for issuers who want to raise floating-rate debt.

Last week, for example, dealers were quoting rates of 22 basis points to convert two-year fixed-rate dollar obliga*tions into floating-rate paper,* compared with a rate of about 40 points available in early January.

Swap rates quoted for 10-year paper remain at relatively tight levels – between 38 and 41 basis points, according to dealers – following a contraction last year.

"The lack of swap opportunities has made it difficult to get borrowers into the market," says *one* eurobond manager.

One reason for the narrowing is uncertainty about the direction of long-term interest rates, especially in the US, which means demand for fixed-rate paper in the swap market has slackened.

"Borrowers haven't changed their targets particularly and *sub-Libor arbitrage* is not there for most borrowers," says one dealer. "Arbitrage is just not around and hasn't been around after the flurry in January. Opportunities by virtue of arbitrage windows have closed quite firmly."

Finally, dealers argue that many houses have been stung by recent trading losses and are more reluctant to lead issues which they may not be able to sell on to investors quickly.

"*Last year* was *quite* difficult for a lot of houses. They are now a lot less willing to write ridiculously aggressive deals," concludes another trader.

Richard Lapper

TOP INTERNATIONAL BOND LEAD MANAGERS

Manager	First quarter of 1995 $bn	Rank	%	Issues	First quarter of 1994 $bn	Rank	%	Issues
Merrill Lynch	8.10	1	7.85	39	8.75	2	6.94	36
CSFB/Credit Suisse	6.93	2	6.71	38	10.99	1	8.71	50
Swiss Bank Corp	6.87	3	6.65	43	4.56	9	3.61	32
JP Morgan	6.01	4	5.82	28	4.49	10	3.56	17
Deutsche Bank	5.49	5	5.32	22	4.92	7	3.90	26
Paribas	4.41	6	4.27	32	2.86	17	2.26	21
Nomura	4.05	7	3.92	33	4.07	12	3.22	43
Morgan Stanley	3.55	8	3.44	25	5.19	6	4.12	46
Goldman Sachs	3.45	9	3.34	18	7.24	3	5.74	26
UBS	3.26	10	3.15	20	5.43	4	5.43	21
Industry totals	103.27		100.0	656	126.12		100.0	750

Full credit to bookrunner. Source: Euromoney Bondware

INTERNATIONAL BOND ISSUES BY CURRENCY

1995* Rank	Currency	Total raised ($bn)	No. of issues	1994* Rank	Total raised ($bn)	No. of issues
1	US$	38.79	180	1	51.74	241
2	D-Mark	14.03	46	5	9.07	36
3	Yen	12.16	121	4	9.14	51
4	SFr	6.76	65	6	6.98	117
5	Sterling	6.41	31	2	14.11	54
6	Lira	5.35	41	9	4.52	31
7	LFr	5.01	61	12	1.29	44
8	FFr	4.68	15	3	10.76	43
9	Guilder	4.28	25	8	4.57	24
10	Ecu	2.97	13	10	3.36	29

*First quarter. Source: Euromoney Bondware

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
US DOLLARS							
Nestlé Holding	250	Apr.2005	7.375	99.94R	7.384	+17(7½%-05)	UBS
CCCI‡	400	Apr.2000	(a)	99.637R	-	-	CSFB/ HSBC Markets
Walmart Stores	250	Apr.1998	7.00	99.95R	7.019	+18(7¼%-98)	Goldman Sachs Intl.
KfW International Finance	500	Apr.2005	7.50	99.953R	7.507	+26(7⅞%-05)	Deutsche Bank London
Spintab‡	300	Oct.1998	(b)	99.765R	-	-	JP Morgan Securities
Toyota Motor Credit Corp.	300	Apr.1998	7.00	99.8125R	7.072	+14(7¼%-98)	Paribas Capital Markets
L-Bank	250	Apr.1998	7.00	100.00R	7.00	+9(7¼%-98)	Swiss Bank Corp.
Central Hispano Fin.Serv.(c)‡	150	Apr.2005	(c2)	99.00R	-	-	Goldman Sachs Intl.
D-MARKS							
Bayerische LFA Finance	200	May.2000	6.75	102.025	6.266	-	ABN Amro Hoare Govett
UBS Finance	250	May.2000	6.50	100.15R	6.464	+10(7%-99)	SBG (Deutschland)
ITALIAN LIRE							
Bayerische Vereinsbank(f)	150bn	Nov.1997	12.00	101.365	-	-	Credito Italiano
Rabobank Nederland(f)	150bn	Oct.1997	12.00	101.225	-	-	Swiss Bank Corp.
Eurofima‡	300bn	May.1998	(d,l)	100.09	-	-	BNL/ JP Morgan Secs.
Deutsche Bank Finance(e)	100bn	Feb.1997	zero	82.78	10.64	-	Deutsche Bank London
SWISS FRANCS							
SNCF	200	May.2000	5.00	103.00	4.320	-	Credit Suisse
Oest. Postsparkasse(f)	100	May.2005	5.375	103.55	4.917	-	Credit Suisse
GUILDERS							
De Nationale Investeringsbank	200	May.2002	7.125	99.525	7.214	+22(8¼%-02)	ABN Amro Hoare Govt.
EBRD	200	May.2002	1.00	67.61R	7.013	+3.2(8¼%-02)	ING Bank
LUXEMBOURG FRANCS							
Kredietbank Luxembourg	2bn	May.2002	7.875	102.65	7.277	-	Kredietbank Lux.
Paribas Intl. Finance(f)	2bn	Jul.2000	7.75	102.25	7.20	-	Paribas Luxembourg
AUSTRALIAN DOLLARS							
ANZ Banking Group‡	110	Mar.1997	(l)	100.20R	-	-	BZW

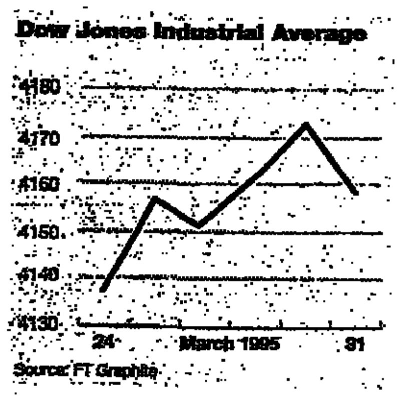
Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. §Convertible. ‡Floating-rate note. ♦With equity warrants. ★Unlisted. ∮Semi-annual coupon and yield. R: fixed re-offer price. a) 3-mth Libor +⅛%. b) 3-mth bank bills +60bp. c) Callable in Apr.00 at par. c1) 3-mth Libor +50bp to Apr.00 and +100bp thereafter. d) 3-mth Libor -25bp. e) Fungible with L225bn. f) SFr200 launched 20/3/95 was increased to SFr300m. l) Long 1st coupon. Note: Yields are calculated on ISMA basis.

EQUITY MARKETS: This Week

NEW YORK

Lisa Bransten

Bulls set store on economy slowing down



Source: FT Graphite

Bulls and bears may struggle for dominance on the market in the early part of this week as opposing forces tug at investors. Economists expect most data to continue to show a moderate slowing of the economy, but they also believe the dollar could hit new lows against the Japanese yen.

So far the dollar's loss of nearly 15 per cent of its value against the yen since the beginning of the year has exerted almost no pull on stocks. In the same period, the Dow Jones Industrial Average has added more than 8 per cent to its value and the more broadly traded Standard & Poor's 500 has gained more than 9 per cent.

Instead, equity investors have paid more attention to evidence that the economy is slowing and might not require another round of monetary tightening.

Data from the National Association of Purchasing Management should support that belief if, as economists expect, the index of business activity in March declines to 53.5 per cent from February's 54.5 per cent.

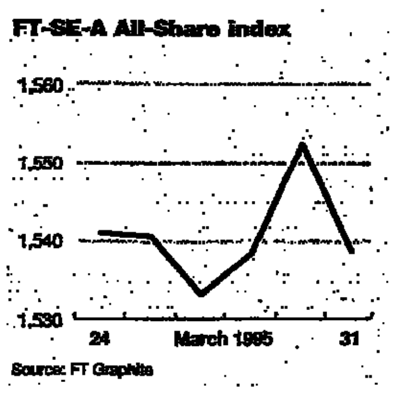
The week's most important piece of data will be March unemployment figures due on Friday. Economists believe the figure will hold steady at February's level of 5.4 per cent, while the increase in non-farm employees will slow to 225,000 from February's 318,000.

If any figures come in sharply stronger than anticipated, the bullish sentiment may ebb and bring the soaring markets back to earth.

LONDON

Terry Byland

Effects of Bundesbank move in doubt



Source: FT Graphite

The first quarter of 1995 has ended dramatically as the Bundesbank caught out most UK – and other European – analysts by cutting discount and repo rates. The UK stock market read this move as being driven by currency developments, as the first serious rescue line thrown to the dollar, and *brushed off the Bundesbank's* discouragement of such views.

But Friday afternoon's renewed slide in the US currency cast doubt on whether the Bundesbank action has changed the market equation. From a stock market rule-of-thumb judgment, a recovery in the dollar would be good for international blue chips. These stocks have not noticeably lagged the London market's advance to new 1995 peaks; indeed, the blue-chip dominated FT-SE 100 Index has outperformed wider-ranging indices.

The other half of the equation is that the Bundesbank's action has soothed fears that UK rates might be forced up soon. Mr Richard Jeffrey at Charterhouse Tilney argued that rates might not rise again in 1995. Thursday's upsurge in London saw the interest rate-related sectors well to the fore.

City analysts were still sticking with this scenario at the end of the week, although Friday's developments in currencies appeared to undermine such confidence. Analysts hope this week's meeting between the UK chancellor and the governor of the Bank of England will take place against a happier background.

OTHER MARKETS

FRANKFURT

Apart from a short-term psychological impact, analysts do not expect last week's discount rate cut to have much of a direct impact on the market which is likely to continue to be driven by currency movements.

UBS says the current macroeconomic environment calls for a somewhat less aggressive portfolio and recommends a mix of cyclicals with high dividend yields, like Hoechst and BASF, and bombed out cyclicals.

Banks, at the centre of attention during their results season, offer an alternative for risk-conscious investors, due to their positive earnings and relatively lower risk. Gross dividends of around 4 per cent should be an additional attraction.

UBS likes department stores and utilities in the current environment, although because of strong outperformance over the last couple of weeks, they do look vulnerable to profit-taking.

Meanwhile, the market's focus will remain on currencies and the wage round as talks in the public sector have just started.

UBS notes that employers have not yet responded to OTV's initial claim of 6 per cent and that as there is much lower productivity growth in public services, the settlement should be well below those reached in the manufacturing sector. However, the IG Metall headline 4 per cent increase will be seen as a benchmark by the union, which will make the talks difficult.

PARIS

Alcatel Alsthom, the country's third biggest company, will publish its 1994 results on Wednesday, *writes John Pitt.*

ABN-Amro Hoare Govett forecasts an earnings estimate for last year of FFr4.2bn, or FFr27.9 per share, and notes that 1994 was a difficult year for the group, "with a dramatic contraction of telecoms business in Germany and ongoing corruption and over-billing investigations into both the group and the chairman/chief executive Mr Pierre Suard".

The broker adds that "earnings visibility is low at the moment since it is unclear how great restructuring charges will be. Following its 27 per cent underperformance over the past 12 months, we have recently upgraded the share from sell to hold".

MILAN

The pension reform proposal expected this week could give some breath and comfort to the market, even if the political picture remains confused, says NatWest Securities.

However, the uncertainity is offset by good news on the corporate front.

Pirelli's expected turnround was confirmed last week as the group managed to reduce indebtedness significantly. Rinascente and Benetton confirmed expectations of flat earnings, while on the publishing side, Mondadori reported a rise in net profitability, although Expresso fell into loss.

Bank results, however, were disappointing compared with 1993. NatWest continues to remain very selective in a still uncertain market.

AMSTERDAM

Full-year results from Fortis Amev on Thursday will bring the Dutch insurance reporting season to a conclusion after last week's figures from Aegon and ING.

ABN-Amro Hoare Govett, which had been expecting 1994 results to be up by an average of 12 per cent, says the increase in net profits is a reflection of a strong life business in both The Netherlands and the US, and an improvement in the underwriting trend of general insurance in the domestic markets.

It adds that insurance operations should benefit from cost efficiency measures. ABN forecasts a 9 per cent rise in 1994 net profits from Fortis Amev, with the result boosted by the consolidation of ASLK, the Belgian assurance group.

IHC Caland, the engineering and dredging group, reports full-year figures today.

HONG KONG

After its recent strong run, reflecting an improvement in the local property sector and in line with Wall Street's record setting performance, the Hang Seng index has been finding resistance around the 8,800 level. With the results season now over, there is little in the offing in the short term to spur prices much higher.

Meanwhile, investors will be watching HSBC and Hong Kong Telecom, the two largest index stocks, which both found themselves under pressure at the end of last week as investors gave a wary response to the launch of stock futures on the issues.

TOKYO

While the Bank of Japan announced an easing of short-term money market rates last Friday in response to the cut in the official discount rate by the German Bundesbank, the subsequent plunge in both the stock market and dollar seem to indicate that it is not enough and a more symbolic move of a cut in Japan's ODR is called for, *writes Emiko Terazono.*

Aside from the financial markets, the case for a cut in the ODR is supported by the fall in inflation – last week's wholesale price index for March fell an annual 0.8 per cent – pointing to a rise in real interest rates, with negative implications for the economy.

An interest rate cut will improve the valuation of Japanese shares.

"An interest rate cut on its own might not necessarily halt the decline," says Mr Jason James, strategist at James Capel.

"But combined with an allocation of public funds, it gives a neat mixture of improvement in the supply-demand balance with improvement of the fundamentals," he says.

Compiled by Michael Morgan

Global share offerings

Issuers finding it hard to arouse much enthusiasm

In spite of the Bundesbank's surprise rate cuts last Thursday, conditions in the primary equity sector remain tough, and many issues in progress are having a hard time arousing much investor enthusiasm.

Soggy stock markets, continued currency tensions, interest rate uncertainty and the weak performance of new issues in recent months have conspired to ruin investor appetite for new paper. Cyclical stocks have been particularly badly hit, while steel stocks suffered the additional blow of price cuts by US steelmakers.

In this troubled environment, the Bundesbank's rate cuts were widely welcomed. But few were willing to predict that the move would trigger a radical turnround in the primary market's fortunes.

"It has given us a ray of hope, but we will need a sustained period of strong markets to make people look at new issues again," said another syndicate official.

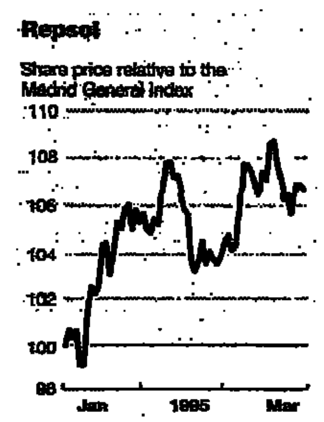
Moreover, some warned a European stock market rally could encourage increased volumes of issuance, which could limit the markets' upside. "The fact that issuers are sitting on the sidelines will put a cap on the markets," said one banker.

With market conditions expected to stay difficult, therefore, investors are likely to remain highly selective in the shares they buy and the price they pay for them.

"Many investors are more discriminating now than they were last year," said one syndicate manager, adding that this puts more pressure on issuers to have more realistic expectations on the price they can get for their deals – if they can get them done at all. "It is unlikely that the market will return to an environment where everything can be done, and the onus will be on us, the banks, to advise issuers as to what can or can't be done."

Last week's sale of shares in Austrian speciality steel maker Böhler-Uddeholm provides a clear example of investors' current price sensitivity.

A total of 8.25m shares was initially offered to investors in an indicated price range of



Source: FT Graphite

Sch650 to Sch750 per share. Pressured by the general market malaise and woes in the steel sector, the range was lowered last Monday to Sch550 to Sch600 and the Austrian state holding company OIAG withdrew its offer to sell a 5.25m share stake in the company. On Wednesday, the remaining 3m new shares were priced at Sch550.

"We are pleased that we managed to get this issue done, given the unfriendly conditions in the steel sector and the new-issue market in general," said a syndicate official at S.G. Warburg, the deal's EU lead manager. The deal was split into three equal tranches, with Creditanstalt lead manager for Austria and CS First Boston lead manager for the rest of the world.

The problematic sale of Böhler-Uddeholm, and the withdrawal during the previous week of another two IPOs, make for a difficult start to the week for SGL Carbon, a subsidiary of Hoechst chemicals which hopes to raise at least DM400m through an IPO.

"Many investors are worried that this is another ill-fated cyclical, steel-related story," said one dealer. However, last week's European roadshows were said to have generated decent demand as investors warmed to the company's story and its management.

The indicated price range for the SGL offering has been set at DM55 to DM66; excluding a 15 per cent over-allotment option, between 7.2m and 9.1m shares are to be issued. Pricing is due today. Dresdner Bank and Kleinwort Benson are joint global co-ordinators.

The stream of German IPOs continues to swell. E. Merck, the family-owned German pharmaceuticals company, plans to come to the stock market later this year in what will be the biggest share offering by a privately-controlled German business. The group is said to want to raise up to DM2.5bn by selling 25 per cent of its stock to the public. Dresdner Bank and UBS have been appointed joint global co-ordinators.

On a rather smaller scale, APCOA Parking, a leading European car-park operator, plans to go public after Easter with an international offering expected to total around DM85m, to be listed in Frankfurt and on the London Stock Exchange's SEAQ system. S.G. Warburg and Trinkaus & Burkhardt are joint lead managers.

Flying in the face of troubled conditions in the international equity market, the offering from Repsol, the Spanish oil group, has met firm domestic demand.

Advance orders for the retail allocation of the global share offer are sufficient to cover the allocation twice, and the Spanish cabinet has approved an increase in the sale of up to 19 per cent of its capital from the initially authorised 15 per cent.

Maximum price for the share offer is likely to be around Pta3,585, based on calculations from last week's average price of the stock.

The domestic tranche now makes up 57 per cent the issue, which is worth about $1.5bn.

Elsewhere on the Iberian peninsula, the domestic marketing campaign for the Portuguese government's sale of 25 per cent of Portugal Telecom is to be launched this week. Details of the deal are not yet known, but it is expected to be worth about $1.2bn, with Merrill Lynch, S.G. Warburg, UBS and Banco Essi joint global co-ordinators.

Conner Middelmann and Martin Brice

EMERGING MARKETS: This Week

The Emerging Investor / Edward Luce

No joke for the Philippines

What's in a name? Arguably nothing. Brokers in the Philippines, however, might disagree. Manila's analysts are only half joking when they blame the 17 per cent fall of the Philippine stock market this year on the fact that the Philippine currency is also called the peso.

In the build up to the Mexican devaluation crisis last December, the Manila stock market and the Philippine peso seemed to be on a rising trend. Encouraged by the government's highly-acclaimed economic reforms and a rash of well-priced IPOs, overseas funds helped to boost the Manila bourse by 133 per cent in 1993, while the peso appreciated by 7 per cent.

The stock market's dollar-value fell by 13 per cent in 1994, but it weathered the rise in US interest rates better than any other east Asian exchange. The peso rose from 27 to the dollar to 23.5 in 1994, swelling government reserves to more than $7bn (four months of imports) and fuelling protests from the country's growing export industry.

Then came the Mexican crisis, which rocked emerging markets around the world as fund and currency managers boarded the flight to quality. Although not as badly damaged as Brazil or Argentina, the Philippines has been the worst affected stock market in south-east Asia.

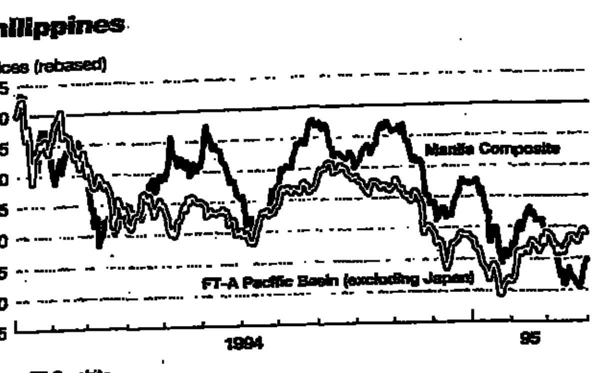
The composite index, which had risen from 1,200 to 3,200 between mid-1993 and mid-1994, is now languishing at 2,300 after starting the year at close to 3,000. Daily turnover has fallen from $80m to about $30m and the predicted 70bn pesos worth ($2.8bn) of IPOs in 1995 now appears embarrassingly optimistic. Only 3bn pesos of new shares were registered in the first quarter.

It would seem the era of stellar-performance is over. "The bearish outlook on the international markets has affected us badly this year," said Mr Eduardo De Los Angeles, chairman of the Philippine exchange, which has a market capitalisation of $55bn.

"The diplomatic row between Singapore and the Philippines over the execution of a Filipina maid - which has affected Singaporean stocks on the market – the Mexico crisis and the collapse of Barings have all contributed to this negative sentiment. But there have been clear signs this week that sentiment is improving," he said.

Several large companies, including the Philippine National Bank (PNB), Ayala Corporation, the Philippines' largest holding company, and William Lines, an inter-island shipping company, have announced plans for rights issues of between $80m and $200m in the next few months.

PNB, which will be fully privatised via its IPO later this year, and several food companies, such as Alaska Milk and San Miguel, which plan to expand their share books on the back of rising consumer demand, are not alone in predicting hefty liquidity increases as central bank set interest rates start to fall.



Source: FT Graphite

The peso, which many still argue is destined for a rapid fall, appears to have stabilised at about 25.9 to the dollar after the authorities intervened heavily by selling dollars and increasing overnight interest rates to stem its 6.2 per cent decline since January. The estimated 6.5 per cent GNP growth in 1995, meanwhile, is expected to vindicate predictions of 25 to 30 per cent corporate earnings growth this year.

"The market will recover strongly from the beginning of the third quarter," said Mr Roman Azanza, chairman of Crosby Securities in Manila. "Strong earnings growth, an improved central depository scheme, and a completely scripless trading system which is due to be in place by July, will all contribute to a rally later this year."

Such optimism, however, is still quite rare. The Philippine market's p/e ratio of 15.5 is still way above the regional average. The p/e on Hong Kong's Hang Seng index hovers at about 10 for example.

Many analysts believe that the exchange, which registered a $900m net inflow of foreign investments last year, still has some way to fall before compensating for the excessive buoyancy in 1993.

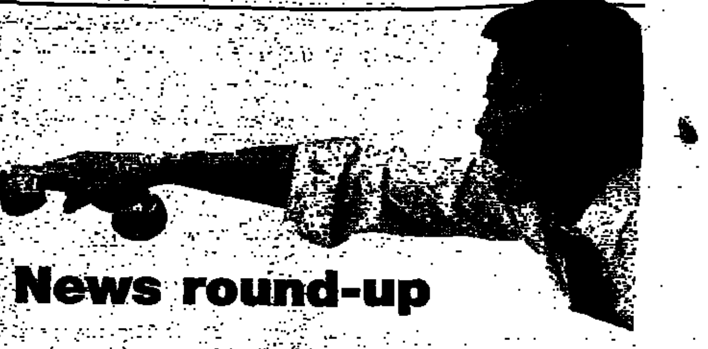
And popular pressure on the central bank to allow the peso to depreciate by a further 10 per cent this year suggests that the market would have to perform very well to attract funds from sceptical foreign portfolio managers.

The market's timid outlook, however, is counted as a blessing by many in the Philippines, which has gone to great lengths to discard its reputation for instability. The government of President Fidel Ramos, which faces a test of popularity at the congressional elections in May, has signalled a strong desire to attract more direct investment to the Philippines as opposed to short term "speculative" inflows.

"Those who were caught with their pants down in Mexico are obsessed with predicting which country will be the next Mexico," President Ramos said at a conference on global finance in Manila last week.

"In so doing they have fuelled speculation against currencies like the Philippine peso, and they have helped to drive down equity markets all over the region. We will continue to welcome all kinds of investments to the Philippines, but we will be on the alert about the volatility that hot money can trigger – as it did in Mexico," he said.

Official attempts to stabilise the stock market and the peso will probably spell a period of consolidation on the stock exchange before the market rallies more strongly. In the meantime the government should perhaps consider changing the name of the Philippine currency.



News round-up

■ Poland

The Warsaw bourse plans to introduce continuous trading for a number of stocks later this year in a move towards a model that would combine three trading systems, the exchange's president said.

"The introduction of continuous trade for some issues would be a step to a system which would combine single-price auction trading, continuous trade and a trading based on marketmakers," said Mr Wiesław Rozłucki.

The exchange was prepared to start trading in the participation certificates in Poland's mass privatisation programme. The distribution of the certificates is scheduled for the last quarter of 1995.

■ Sri Lanka

The Sri Lankan government is not considering privatising Sri Lanka Telecom and the Ceylon Electricity Board this year, according to Mr Rajan Asirwatham, head of the Public Enterprise Reform Commission overseeing privatisation.

The commission was concentrating on privatising five other state ventures to raise 4bn rupees ($80m) before November's budget, to help bridge the deficit.

Telecommunications and power labour unions have opposed plans to privatise the two utilities.

Sri Lanka Telecom was among the state bodies listed as being considered for privatisation in the budget presented to parliament last month.

The five ventures being considered by the commission are the National Development Bank, the Capital Development & Investment Company, the liquor company Orient Lanka, the national airline Airlanka and a plantation company.

■ Bombay

The Reserve Bank of India has said companies or subsidiaries of financial institutions and banks with net owned funds of at least 500m rupees will be eligible to be primary dealers in government securities.

The primary dealers or marketmakers in government securities are expected to activate the fledgling Indian debt market. This is the first time that the central bank has introduced marketmakers or primary dealers in government securities.

The RBI said a primary dealer's predominant business must be trading in government securities.

A primary dealer will have to make a commitment to bid for a minimum amount in government securities and treasury bill auctions during a year, the RBI said.

■ Dhaka

The state-owned Investment Corporation of Bangladesh will launch its seventh mutual fund worth 30m taka by June, ICB officials said.

They said the ICB had already sought approval for the new fund from the Securities and Exchange Commission.

The company will make Initial Public Offerings through 6,000 certificates with a minimum lot of 5,000 taka each. The ICB will reserve 5 per cent of the IPOs for its employees. Some 25.5m taka of the fund will be invested in new issues with the rest in the secondary market.

The market capitalisation of the ICB's existing six mutual funds rose to 355m taka in February from the initial fund of 95m taka.

In the last fiscal year ICB declared dividends ranging from 16 per cent to 45 per cent per share for its six mutual funds. ICB said it was expecting better dividends for the period ending on June 30.

● *Further coverage of emerging markets appears daily on the World Stock Markets page.*

Baring Securities emerging markets indices

Index	31/3/95	Week on week movement Actual	Percent	Month on month movement Actual	Percent	Year to date movement Actual	Percent
World (353)	133.90	+5.55	+4.33	+1.66	+1.26	-24.13	-15.27
Latin America							
Argentina (23)	78.34	+10.22	+15.00	+11.70	+17.56	-7.77	-9.02
Brazil (23)	148.94	+2.56	+1.75	-13.85	-8.51	-60.43	-28.86
Chile (13)	195.63	+7.52	+4.00	-0.73	-0.37	-15.94	-7.53
Mexico (25)	59.81	+7.15	+13.57	+5.43	+9.99	-37.82	-38.74
Peru(16)	700.61	-29.82	-4.08	+42.35	+6.43	-148.06	-17.45
Latin America (100	102.15	+6.48	+6.77	+1.68	+1.67	-36.62	-26.39
Europe							
Greece (18)	93.04	+6.39	+7.38	+7.23	+8.43	+6.05	+6.95
Portugal (23)	127.27	+4.44	+3.61	+8.20	+6.89	+10.99	+9.45
Turkey (22)	100.29	+9.54	+10.51	+25.51	+34.12	+24.18	+31.77
Europe (96)	110.83	+6.82	+6.56	+13.04	+13.33	+13.13	+13.44
Asia							
Indonesia (28)	122.79	+1.69	+1.39	-8.34	-6.38	-10.89	-8.15
Korea (24)	138.48	-6.09	-4.27	+10.75	+8.55	-3.40	-2.43
Malaysia (22)	217.27	+8.28	+3.96	+1.33	+0.62	+6.41	+3.04
Pakistan (15)	81.27	-0.47	-0.57	-9.23	10.20	-24.93	-23.47
Philippines (12)	236.24	+14.63	+6.60	-8.98	-3.66	-45.89	-16.26
Thailand (24)	233.56	+3.47	+1.51	-10.29	-4.22	-18.08	-7.19
Taiwan (32)	168.14	+1.08	+0.62	+0.88	+0.53	-16.01	-8.69
Asia (157)	200.98	+3.59	+1.82	-0.92	-0.46	-9.64	-4.58

All indices in $ terms, January 7th 1992=100. Source: Baring Securities

CURRENCIES Philip Gawith

Dollar stays focus of attention

Last Friday proved an unhappy day for the dollar, and this week is likely to be a long dress rehearsal for the release of the US labour market report on Friday.

With the Federal Reserve and the Bundesbank having concluded their policy deliberations last week, the focus in the short term will return to trying to gauge the strength of the US economy.

No matter what conclusion the market arrives at, it is difficult to see it helping the dollar.

Any figures which are above market expectations are likely to re-awaken fears that the Fed has been too casual in its efforts to combat inflation.

Last year such worries were the cause of dollar weakness. On the other hand, signs of the economy slowing down, achieving the "soft-landing" dreamt of in the markets, is unlikely to help the dollar because it removes the prospect of support via a rise in short-term rates.

Hopes of any concerted support for the dollar are also fading.

Last week presented an ideal opportunity, but the Fed declined to raise rates, while the Bank of Japan stopped short of cutting the official discount rate.

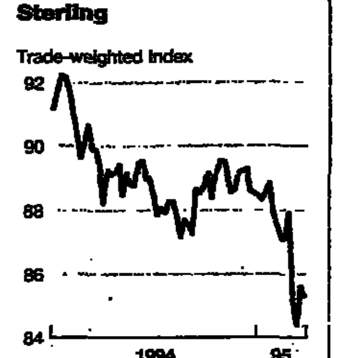
Only the Bundesbank "did the right thing", by easing rates. But it made every effort, as did the Bank of Japan when it eased the overnight rate, to emphasise that it was reacting only to domestic concerns.

The message for currency markets was clear – the level of the dollar is not yet a policy priority at the highest levels.

The best hope of some sort of official response would be if the weak dollar were to destabilise US asset markets, of which there was a hint on Friday.

In the UK, the chancellor and the governor of the Bank of England hold their monthly monetary meeting on Wednesday. The inflationary consequences of sterling weakness will be a key item for discussion.

The cut in German rates, and signs of weakness in the economy, may tip the balance against a further rise in rates.



Source: FT Graphite

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, March 31, 1995. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	5640.57	3463.03	2530.53	4008.14
Albania	(Lek)	163.679	100.490	73.4308	116.308
Algeria	(Dinar)	70.6735	43.3900	31.7063	50.2189
Andorra	(French Fr)	7.8117	4.7960	3.5046	5.5509
	(Sp Peseta)	205.229	126.000	92.0716	145.833
Angola	(New Kwanza)	972637.8	597151.0	436354.4	691147.0
Antigua	(E Carr $)	4.3978	2.7000	1.9730	3.1250
Argentina	(Peso)	1.6284	0.9998	0.7306	1.1572
Armenia	(Dram)	651.519o	400.000	292.291	462.963
Aruba	(Florin)	2.9156	1.7900	1.3080	2.0718
Australia	(Aus $)	2.2206	1.3633	0.9962	1.5779
Austria	(Schilling)	15.6867	9.6309	7.0376	11.1469
Azerbaijan	(Manat)	7124.38o	4374.00	3196.20	5062.50
Azores	(Port Escudo)	235.117	144.350	105.481	167.072
Bahamas	(Bahama $)	1.6288	1	0.7307	1.1574
Bahrain	(Dinar)	0.6140	0.3770	0.2755	0.4363
Balearic Is	(Sp Peseta)	205.229	126.000	92.0716	145.833
Bangladesh	(Taka)	64.5819	39.6500	28.9733	45.8912
Barbados	(Barb $)	3.2760	2.0113	1.4697	2.3279
Belarus	(Rouble)	18812.6o	11550.0	8439.90	13368.1
Belgium	(Belg Fr)	45.7774	28.1050	20.5371	32.5289
Belize	(B $)	3.2576	2.0000	1.4615	2.3148
Benin	(CFA Fr)	781.170	479.600	350.457	555.093
Bermuda	(Bermudian $)	1.6288	1	0.7307	1.1574
Bhutan	(Ngultrum)	51.1688	31.4150	22.9556	36.3600
Bolivia	(Boliviano)	7.7531	4.7600	3.4783	5.5093
Botswana	(Pula)	4.4024	2.7027	1.9749	3.1281
Brazil	(Real)	1.4611	0.8970	0.6555	1.0382
Brunei	(Brunei $)	2.2994	1.4117	1.0316	1.6339
Bulgaria	(Lev)	107.755	66.1560	48.3420	76.5695
Burkina Faso	(CFA Fr)	781.170	479.600	350.457	555.093
Burma	(Kyat)	8.8107	5.4093	3.9527	6.2608
Burundi	(Burundi Fr)	381.236	234.060	171.034	270.903
Cambodia	(Riel)	4275.59	2625.00	1918.16	3038.19
Cameroon	(CFA Fr)	781.170	479.600	350.457	555.093
Canada	(Canadian $)	2.2848	1.4028	1.0251	1.6236
Canary Is	(Sp Peseta)	205.229	126.000	92.0716	145.833
Cp. Verde	(CV Escudo)	135.141	82.9700	60.6284	96.0301
Cayman Is	(CI $)	1.3490	0.8282	0.6052	0.9586
Cent. Afr. Rep	(CFA Fr)	781.170	479.600	350.457	555.093
Chad	(CFA Fr)	781.170	479.600	350.457	555.093
Chile	(Chilean Peso)	657.302	403.550	294.885	467.072
China	(Yuan)	13.7249	8.4264	6.1574	9.7528
Colombia	(Col Peso)	1430.09	878.000	641.578	1016.20
Comoros	(Fr)	591.193	362.963	265.227	420.096
Congo	(Brazz) (CFA Fr)	781.170	479.600	350.457	555.093
Costa Rica	(Colon)	280.202	172.030	125.707	199.109
Côte d'Ivoire	(CFA Fr)	781.170	479.600	350.457	555.093
Croatia	(Kuna)	8.1394	4.9972	3.6516	5.7838
Cuba	(Cuban Peso)	1.6288	1	0.7307	1.1574
Cyprus	(Cyprus £)	0.7216	0.4430	0.3237	0.5127
Czech Rep.	(Koruna)	42.1321	25.8670	18.9017	29.9387
Denmark	(Danish Krone)	8.8379	5.4260	3.9649	6.2801
Djibouti Rep	(Djib Fr)	289.470	177.720	129.865	205.695
Dominica	(E Carib $)	4.3978	2.7000	1.9730	3.1250
Dominican Rep	(D Peso)	22.3634	13.7300	10.0329	15.8912
Ecuador	(Sucre)	3935.17o	2416.00	1765.44	2796.30
	(Sucre)	3939.25a	2418.50	1767.26	2799.19
Egypt	(Egyptian £)	5.5583	3.4125	2.4936	3.9497
El Salvador	(Colon)	14.2520	8.7500	6.3939	10.1273
Equat'l Guinea	(CFA Fr)	781.170	479.600	350.457	555.093
Estonia	(Kroon)	18.0113	11.0580	8.0804	12.7986
Ethiopia	(Ethiopian Birr)	9.4470	5.8000	4.2382	6.7130
Falkland Is	(Falk £)	1	0.6140	0.4486	0.7106
Faroe Is	(Danish Krone)	8.8379	5.4260	3.9649	6.2801
Fiji Is	(Fiji $)	2.2841	1.4023	1.0247	1.6230
Finland	(Markka)	7.0013	4.2984	3.1410	4.9750
France	(Fr)	7.8117	4.7960	3.5046	5.5509
Fr. Cty/Africa	(CFA Fr)	781.170	479.600	350.457	555.093
Fr. Guiana	(Local Fr)	7.8117	4.7960	3.5046	5.5509
Fr. Pacific Is	(CFP Fr)	143.319	87.9908	64.2973	101.841
Gabon	(CFA Fr)	781.170	479.600	350.457	555.093
Gambia	(Dalasi)	15.5550	9.5500	6.9785	11.0533
Germany	(D-Mark)	2.2290	1.3685	1	1.5839
Ghana	(Cedi)	1776.39	1090.00	795.493	1261.57
Gibraltar	(Gib £)	1	0.6140	0.4486	0.7106
Greece	(Drachma)	363.798	223.350	163.208	258.507
Greenland	(Danish Krone)	8.8379	5.4260	3.9649	6.2801
Grenada	(E Carr $)	4.3978	2.7000	1.9730	3.1250
Guadaloupe	(Local Fr)	7.8117	4.7960	3.5046	5.5509
Guam	(US $)	1.6288	1	0.7307	1.1574
Guatemala	(Quetzal)	9.3570	5.7447	4.1978	6.6490
Guinea	(Fr)	1652.48	1014.54	741.352	1174.24
Guinea-Bissau	(Peso)	25039.0	15380.0	11230.5	17788.2
Guyana	(Guyanese $)	232.592	142.800	104.348	165.276
Haiti	(Goude)	30.9472	19.0000	13.8838	21.9906
Honduras	(Lempira)	14.6592	9.0000	6.5766	10.4167
Hong Kong	(HK $)	12.5942	7.7322	5.6501	8.9493
Hungary	(Forint)	193.809	119.060	86.9931	137.789
Iceland	(Icelandic Krona)	103.103	63.3007	46.2560	73.2639
India	(Indian Rupee)	51.1688	31.4150	22.5559	36.3600
Indonesia	(Rupiah)	3643.25	2238.00	1635.37	2590.28
Iran	(Rial)	2849.77	1749.00	1278.04	2024.31
Iraq	(Iraqi Dinar)	0.9773	0.6000	0.4384	0.6945
Irish Rep	(Punt)	0.9987	0.6131	0.4480	0.7096
Israel	(Shekel)	4.7989	2.9463	2.1529	3.4101
Italy	(Lira)	2764.24	1697.10	1240.12	1964.24
Jamaica	(Jamaican $)	52.6102	32.3000	23.6026	37.3843
Japan	(Yen)	140.726	86.4000	63.1346	100
Jordan	(Jordanian Dinar)	1.1208	0.6880	0.5027	0.7963
Kenya	(Kenya Shilling)	71.2598	43.7500	31.9693	50.6366
Kiribati	(Australian $)	2.2206	1.3633	0.9962	1.5779
Korea North	(Won)	3.5019	2.1500	1.5711	2.4884
Korea South	(Won)	1257.60	772.100	564.194	893.634
Kuwait	(Kuwaiti Dinar)	0.4809	0.2953	0.2158	0.3418
Laos	(New Kip)	1187.39	729.000	532.700	843.750
Latvia	(Lats)	0.8347	0.5125	0.3745	0.5931
Lebanon	(Lebanese £)	2662.27	1634.50	1194.37	1891.78
Lesotho	(Maluti)	5.8254	3.5765	2.6134	4.1395
Liberia	(Liberian $)	1.6288	1	0.7307	1.1574
Libya	(Libyan Dinar)	0.5857	0.3596	0.2628	0.4162
Liechtenstein	(Swiss Fr)	1.8341	1.1260	0.8228	1.3032
Lithuania	(Litas)	6.5152	4.0000	2.9229	4.6296
Luxembourg	(Lux Fr)	45.7774	28.1050	20.5371	32.5289
Macao	(Pataca)	13.0112	7.9882	5.8372	9.2456
Madagascar	(MG Fr)	6319.73	3880.00	2835.22	4490.74
Madeira	(Port Escudo)	235.117	144.350	105.481	167.072
Malawi	(Kwacha)	24.9387	15.3117	11.1887	17.7219
Malaysia	(Ringgit)	4.1249	2.5325	1.8508	2.9311
Maldive Is	(Rufiya)	19.1710	11.7700	8.6007	13.6227
Mali Rep	(CFA Fr)	781.170	479.600	350.457	555.093
Malta	(Maltese Lira)	0.5712	0.3507	0.2562	0.4059
Martinique	(Local Fr)	7.8117	4.7960	3.5046	5.5509
Mauritania	(Ouguiya)	206.613	126.850	92.6927	146.817
Mauritius	(Maur Rupee)	28.1375	17.2750	12.6233	19.9942
Mexico	(Mexican Peso)	10.9374	6.7150	4.9068	7.7720
Miquelon	(Local Fr)	7.8117	4.7960	3.5046	5.5509
Moldova	(Leu)	7.2158	4.4300	3.2371	5.1273
Monaco	(French Fr)	7.8117	4.7960	3.5046	5.5509
Mongolia	(Tugrik)	676.879	415.570	303.666	480.984
Montserrat	(E Carr $)	4.3978	2.7000	1.9730	3.1250
Morocco	(Dirham)	13.6045	8.3525	6.1034	9.6673
Mozambique	(Metical)	17950.5	[illegible]	[illegible]	[illegible]
Namibia	(S A Rand)	5.8254	3.5765	2.6134	4.1395
Nauru Is	(Australian $)	2.2206	1.3633	0.9962	1.5779
Nepal	(Nepalese Rupee)	80.4628	49.4000	36.0979	57.1759
Netherlands	(Guilder)	2.4916	1.5298	1.1179	1.7706
N'nd Antilles	(A/Guilder)	2.9156	1.7900	1.3080	2.0718
New Zealand	(NZ $)	2.4905	1.5291	1.1173	1.7697
Nicaragua	(Gold Cordoba)	11.9080	7.3109	5.3423	8.4617
Niger Rep	(CFA Fr)	781.170	479.600	350.457	555.093
Nigeria	(Naira)	35.8338o	22.0000	16.0760	25.4630
	(Naira)	132.585m	81.4000	59.4812	94.2130
Norway	(Nor. Krone)	9.9878	6.1320	4.4808	7.0972
Oman	(Rial Omani)	0.6271	0.3850	0.2813	0.4456
Pakistan	(Pak. Rupee)	50.2470	30.8491	22.5423	35.7050
Panama	(Balboa)	1.6288	1	0.7307	1.1574
Papua New Guinea	(Kina)	1.9743	1.2121	0.8857	1.4029
Paraguay	(Guarani)	3192.44	1960.00	1432.23	2268.52
Peru	(New Sol)	3.6787	2.2585	1.6503	2.6140
Philippines	(Peso)	42.1860	25.9000	18.9258	29.9769
Pitcairn Is	(£ Sterling)	1	0.6140	0.4486	0.7106
	(NZ $)	2.4905	1.5291	1.1173	1.7697
Poland	(Zloty)	3.8343	2.3541	1.7202	2.7247
Portugal	(Escudo)	235.117	144.350	105.481	167.072
Puerto Rico	(US $)	1.6288	1	0.7307	1.1574
Qatar	(Riyal)	5.9276	3.6393	2.6593	4.2121
Reunion Is. de la	(F Fr)	7.8117	4.7960	3.5046	5.5509
Romania	(Leu)	3010.02	1848.00	1350.38	2138.89
Russia ‡	(Rouble)	1.0565o	0.6486	0.4740	0.7507
	(Rouble)	8011.25m	4918.50	3594.06	5692.71
Rwanda	(Fr)	217.833	133.800	97.7713	154.861
St Christopher	(E Carr $)	4.3978	2.7000	1.9730	3.1250
St Helena	(£)	1	0.6140	0.4486	0.7106
St Lucia	(E Carr $)	4.3978	2.7000	1.9730	3.1250
St Pierre	(French Fr)	7.8117	4.7960	3.5046	5.5509
St Vincent	(E Carr $)	4.3978	2.7000	1.9730	3.1250
San Marino	(Italian Lira)	2764.24	1697.10	1240.12	1964.24
Sao Tome	(Dobra)	2622.44	1610.05	1176.51	1863.48
Saudi Arabia	(Riyal)	6.1080	3.7506	2.7407	4.3410
Senegal	(CFA Fr)	781.170	479.600	350.457	555.093
Seychelles	(Rupee)	7.5987	4.6640	3.4081	5.3982
Sierra Leone	(Leone)	969.134	595.000	434.783	688.657
Singapore	($)	2.2994	1.4117	1.0316	1.6339
Slovakia	(Koruna)	47.2270	28.9950	21.1874	33.5590
Slovenia	(Tolar)	182.063	111.780	81.6880	129.387
Solomon Is	($)	5.4005	3.3156	2.4228	3.8375
Somali Rep	(Shilling)	4267.45	2620.00	1914.50	3032.41
South Africa	(Rand)	5.8254(2)	3.5765	2.6134	4.1395
Spain	(Peseta)	205.229	126.000	92.0716	145.833
Spanish Ports in N Africa	(Sp Peseta)	205.229	126.000	92.0716	145.833
Sri Lanka	(Rupee)	80.5116	49.4300	36.1196	57.2106
Sudan Rep	(Dinar)	67.8557	41.6600	30.4421	48.2178
Surinam	(Guilder)	682.486	419.000	306.175	484.954
Swaziland	(Lilangeni)	5.8254	3.5765	2.6134	4.1395
Sweden	(Krona)	12.0043	7.3701	5.3855	8.5302
Switzerland	(Fr)	1.8341	1.1260	0.8228	1.3032
Syria	(£)	68.4095	42.0000	30.6905	48.6111
Taiwan	($)	42.3444	25.9973	18.9969	30.0895
Tanzania	(Shilling)	899.910	552.500	403.727	639.468
Thailand	(Baht)	40.1499	24.6500	18.0124	28.5301
Togo Rep	(CFA Fr)	781.170	479.600	350.457	555.093
Tonga Is	(Pa'anga)	2.2206	1.3633	0.9962	1.5779
Trinidad/Tobago	($)	9.2760	5.6950	4.1615	6.5914
Tunisia	(Dinar)	1.5203	0.9334	0.6821	1.0803
Turkey	(Lira)	68735.6	42200.0	30836.7	48842.6
Turks & Caicos	(US $)	1.6288	1	0.7307	1.1574
Tuvalu	(Australian $)	2.2206	1.3633	0.9962	1.5779
Uganda	(New Shilling)	1503.38	923.000	674.461	1068.29
Ukraine	(Karbovanets)	210961.8	129520.0	94643.6	149907.4
U A E	(Dirham)	5.9824	3.6729	2.6839	4.2510
United Kingdom	(£)	1	0.6140	0.4486	0.7106
United States	(US $)	1.6288	1	0.7307	1.1574
Uruguay	(Peso Uruguayo)	9.6425	5.9200	4.3259	6.8519
Vanuatu	(Vatu)	179.494	110.200	80.5261	127.546
Vatican	(Lira)	2764.24	1697.10	1240.12	1964.24
Venezuela	(Bolivar)	276.548	169.785	124.067	196.510
Vietnam	(Dong)	18262.1	11212.0	8192.91	12976.9
Virgin Is-British	(US $)	1.6288	1	0.7307	1.1574
Virgin Is-US	(US $)	1.6288	1	0.7307	1.1574
Western Samoa	(Tala)	4.0178	2.4667	1.8025	2.8550
Yemen (Rep of)	(Rial)	81.4399o(2)	50.0000	36.5364	57.8704
Yemen (Rep of)	(Rial)	228.032r	140.000	102.302	162.037
Yugoslavia	(New Dinar) (1)	-	-	-	-
Zaire Rep	(Zaire)	6012.70	3691.50	2697.48	4272.57
Zambia	(Kwacha)	1311.18	805.000	588.235	931.713
Zimbabwe	($)	13.7389	8.4350	6.1637	9.7627

Special Drawing Rights March 30. Utd Kingdom £0.964945 Utd States $1.55685 Germany DM2.14429 Japan Y137.374 European Currency Unit Rates March 31. Utd Kingdom £0.829611 Utd States $1.33851 Germany DM1.85173 Japan Y116.796

Abbreviations: (a) Free rate; (m) Market rate; (o) Official rate; (r) Parallel rate (t) Tourist rate (d) Currency fixed against the US Dollar (f) Floating rate; ‡ Russia applies to states in the Rouble Zone. (1) Yugoslav Dinar rate n/a. (2) Yemen official rate devalued on 30/3.
Some data derived from THE WM/REUTERS CLOSING SPOT RATES & Bank of America, Economics Department, London Trading Centre. Enquiries: 0171 634 4360/5.
To obtain a copy of this table by Fax from the Cityline service dial 0891 437001. Calls charged at 39p/minute cheap rate, 49p/minute at all other times
Friday, March 31, 1995

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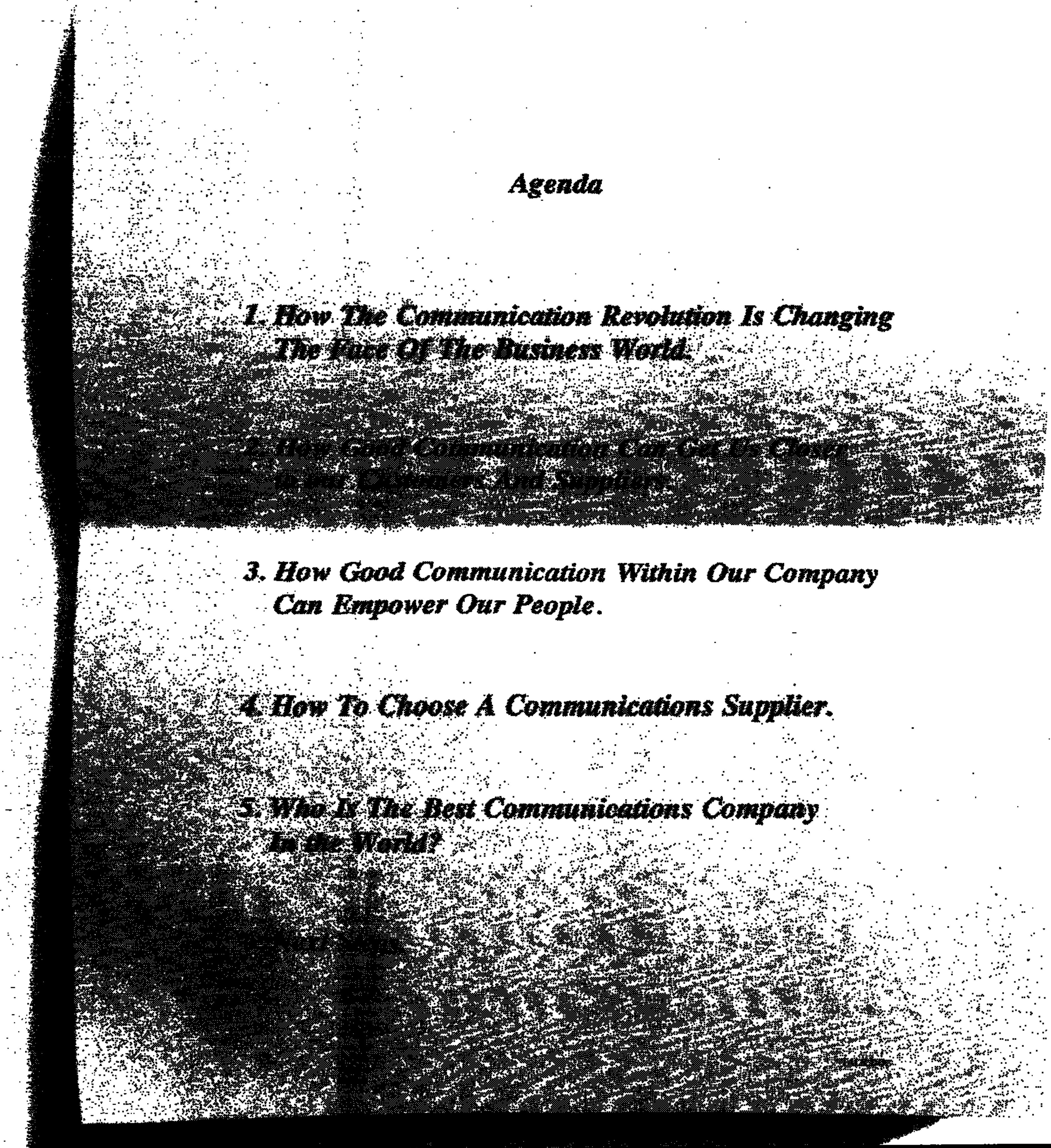

Let's talk

We believe that the agenda you see above contains some of the most important issues facing global business today. Why not try passing it around at your next board meeting? Provoke some debate.

We have a passion for communication. It is our business and we believe it can make a difference to yours. That's why we have dedicated ourselves to building the outstanding global communications network and a unique portfolio of products and services to match.

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BT

Global communications

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 31 / Sch)

BELGIUM/LUXEMBOURG (Mar 31 / Frs.)

CZECH REP (Mar 31 / Koruna)

DENMARK (Mar 31 / Kr)

FINLAND (Mar 31 / Mks)

FRANCE (Mar 31 / Frs.)

GERMANY (Mar 31 / Dm.)

GREECE (Mar 31 / Drachma)

ITALY (Mar 31 / Lire)

NETHERLANDS (Mar 31 / Fls.)

NORWAY (Mar 31 / Kroner)

POLAND (Mar 30 / Zloty)

PORTUGAL (Mar 31 / Escudo)

SPAIN (Mar 31 / Pts.)

SWEDEN (Mar 31 / Kronor)

SWITZERLAND (Mar 31 / Frs.)

TURKEY (Mar 31 / Tk Lira)

PACIFIC

JAPAN (Mar 31 / Yen)

HONG KONG (Mar 31 / H.K.$)

INDONESIA (Mar 31 / Rupiah)

MALAYSIA (Mar 31 / MYR)

NEW ZEALAND (Mar 31 / NZ $)

SINGAPORE (Mar 31 / S$)

AUSTRALIA (Mar 31 / Aust$)

SOUTH KOREA (Mar 31 / Won)

TAIWAN (Mar 31 / TW $)

THAILAND (Mar 31 / Baht)

NORTH AMERICA

CANADA

TORONTO (Mar 31 / Can $)
4 pm close

MONTREAL (Mar 31 / Can $)
4 pm close

AFRICA

SOUTH AFRICA (Mar 31 / Rand)

INDICES

	Mar 31	Mar 30	Mar 29	1994/5 High		1994/5 Low	
Argentina							
General (29/12/77)	13958.11	14066.88	13601.45	25470.40	16/2/94	9831.09	9/3/95
Australia							
All Ordinaries(1/1/80)	1906.6	1884.5	1893.0	2340.60	3/2/94	1823.30	8/2/95
All Mining(1/1/80)	839.0	818.0	821.2	1138.10	3/2/94	795.30	8/2/95
Austria							
Credit Aktien(30/12/84)	352.13	350.32	355.01	488.88	2/2/94	350.32	30/3/95
Traded Index(2/1/91)	937.80	934.83	950.36	1222.25	1/2/94	934.83	30/3/95
Belgium							
BEL20 (1/1/91)	1300.44	1311.26	1292.49	1542.65	9/2/94	1271.53	9/3/95
Brazil							
Bovespa (29/12/83)	29790.0	31255.0	31982.0	55110.00	13/9/94	3800.80	3/1/94
Canada							
Metals Minls♦(1975)	4152.24	4179.06	4145.16	4328.07	18/1/95	3298.08	20/4/94
Composite♦ (1975)	4313.60	4319.50	4299.00	4669.80	23/3/94	3959.80	24/6/94
Portfolio§§ (4/1/83)	2127.91	2132.88	2130.21	2182.89	1/2/94	1888.48	28/6/94
Chile							
IPGA Gen (31/12/80)	5268.0	5328.4†	5297.26	5754.40	21/11/94	3801.20	4/4/94
Denmark							
CopenhagenSE(3/1/83)	332.09	331.31	330.01	415.79	2/2/94	330.01	29/3/95
Finland							
HEX General(28/12/90)	1595.3	1586.7	1555.3	1872.00	4/2/94	1555.30	29/3/95
France							
SBF 250 (31/12/90)	1223.30	1236.87	1216.31	1585.28	2/2/94	1154.41	13/3/95
CAC 40(31/12/87)	1859.48	1893.00	1852.42	2355.93	2/2/94	1721.80	13/3/95
Germany							
FAZ Aktien(31/12/58)	715.81	708.87	710.97	859.27	18/5/94	708.87	30/3/95
Commerzbank(1/12/53)	2039.3	2018.7	2027.5	2465.50	2/5/94	2018.70	30/3/95
DAX (30/12/87)‡	1922.59	1918.46	1918.88	2271.11	18/5/94	1910.96	28/3/95
Greece							
Athens SE(31/12/80)	824.60	818.31	795.35	1194.58	18/1/94	787.15	16/3/95
Hong Kong							
Hang Seng(31/7/64)	8587.72	8676.17	8732.75	12201.09	4/1/94	6967.93	23/1/95
India							
BSE Sens.(1979)	3260.96	3288.32	3292.34	4628.57	12/9/94	3233.31	22/2/95
Indonesia							
Jakarta Comp.(10/8/82)	(c)	428.64	428.92	612.89	5/1/94	422.13	24/3/95
Ireland							
ISEQ Overall(4/1/88)	1858.52	1850.36	1827.28	2082.16	20/1/94	1694.14	1/7/94
Italy							
Banca Comm Ital (1972)	598.47	605.96	600.38	817.17	10/5/94	581.84	13/12/94
MIB General (2/1/85)	947.0	957.0	948.0	1318.00	10/5/94	929.00	23/3/95
Japan							
Nikkei 225 (16/5/49)	16139.95	16512.22	16460.73	21552.81	13/6/94	15749.77	24/3/95
Nikkei 300 (1/10/82)	241.99	244.80	243.36	311.71	13/6/94	228.05	24/3/95
Topix (4/1/68)	1307.89	1318.45	1313.09	1712.73	13/6/94	1239.67	24/3/95
2nd Section (4/1/68)	1717.15	1704.77	1703.06	2542.85	6/7/94	1691.53	24/3/95
Malaysia							
KLSE Comp.(4/4/86)	984.07	979.65	987.71	1314.46	5/1/94	840.87	24/1/95
Mexico							
IPC (Nov 1978)	(c)	1823.88	1810.90	2881.17	8/2/94	1447.52	27/2/95
Netherland							
CBS TtlRtnGen(End 83)	425.8	432.1	425.1	454.90	31/1/94	406.30	21/6/94
CBS All Shr (End 83)	267.1	271.0	266.7	294.80	31/1/94	257.90	21/6/94
New Zealand							
Cap. 40 (1/7/86)	1997.53	1990.83	1993.17	2439.64	3/2/94	1878.09	12/12/94
Norway							
Oslo SE(Ind)(2/1/83)	1049.82	1055.68	1049.90	1211.10	28/2/94	980.91	21/6/94
Philippines							
Manila Comp (2/1/85)	2392.25	2372.35	2340.58	3308.37	4/1/94	2248.39	27/3/95
Portugal							
BTA (1977)	2750.5	2731.9	2719.5	3226.80	18/2/94	2612.80	20/6/94
Singapore							
SES All-S'pore(2/4/75)	504.76	504.46	507.40	641.61	4/1/94	472.90	23/1/95
South Africa							
JSE Gold (28/9/78)	1469.3♥	1385.8	1373.5	2534.80	7/9/94	1357.80	27/3/95
JSE Ind. (28/9/78)	6653.9♥	6620.1	6586.5	6984.49	30/12/94	5440.80	19/1/94
South Korea							
KoreaCmpEx(4/1/80)**	931.78	926.93	936.44	1138.75	8/11/94	855.37	2/4/94
Spain							
Madrid SE (30/12/85)	268.85	269.53	264.23	358.31	31/1/94	264.86	23/3/95
Sweden							
AffarsvarldsGen (1/2/37)	1458.7	1471.2	1439.8	1603.80	31/1/94	1334.70	6/7/94
Switzerland							
Swiss Bk Ind (31/12/58)	1193.54	1203.04	1188.82	1423.34	31/1/94	1138.72	27/10/94
SBC General (1/4/87)	884.98	890.55	880.40	1093.29	31/1/94	879.58	13/3/95
Taiwan							
WeightedPr.(30/6/66)**	6524.00	6514.46	(c)	7191.13	1/11/94	6194.68	19/3/94
Thailand							
Bangkok SET (30/4/75)	1216.66	1220.72	1229.70	1753.73	4/1/94	1136.89	16/3/95
Turkey							
Istanbul Cmp.(Jan 1986)	39637.3	39498.1	37779.2†	39637.30	31/3/95	12980.70	24/3/94
WORLD							
MS Capital Int (1/1/70)§	640.2*	637.2	640.6	649.90	2/11/94	591.60	1/11/94
CROSS-BORDER							
Eurotrack 100(26/10/90)	1254.30	1268.27	1236.95	1540.18	31/1/94	1222.41	13/3/95
Euro Top-100 (26/6/90)	1147.16	1161.75	1142.77	1311.81	2/2/94	1117.34	9/3/95
JCapelDrgns (31/12/88)	(u)	307.92	309.49	385.19	5/1/94	281.48	23/1/95
Barings Emerg.(7/1/92)	*133.80*	*133.09*	*134.18*	*191.79*	*29/9/94*	*117.18*	*10/3/95*

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
■ CAC-40							
Mar	1881.0	1876.7	-15.3	1883.0	1862.0	31,334	15,760
Apr	1894.0	1863.0	-40.0	1894.0	1858.0	23,022	21,439
■ DAX							
Jun	1955.00	1940.00	-28.5	1958.0	1924.5	21,713	-
Sep	1973.50	1963.50	-29.5	1973.5	1952.0	440	-
■ OMX							
Apr	1133.00	1130.00	-12.30	1136.00	1128.00	6,869	21,462
May	1118.00	1118.00	-15.00	1118.00	1118.00	20	390
■ SOFFEX							
Apr	2521.0	2504.0	-32.0	2523.8	2500.0	4,910	19,862
Jun	-	2470.0	-	-	-	-	12
■ S&P 500							
Jun	506.35	504.40	-2.00	506.50	499.00	79,799	190,636
Sep	507.90	508.65	-2.00	509.60	502.00	584	8,501
■ Nikkei 225							
Jun	16910.0	16120.0	-490.0	16920.0	16120.0	30,149	117,445
Sep	16810.0	16810.0	+120.0	16810.0	16810.0	11	27

Open interest figures for previous day.

** Sat Mar 25: Taiwan Weighted Price 6401.39; Korea Comp Ex 955.51. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Mar 31 - 1914.69 -35.07.

US INDICES

Dow Jones	Mar 31	Mar 30	Mar 29	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Industrials	4157.69	4172.56	4160.80	4172.56 (30/3/95)	3593.35 (4/4/94)	4172.56 (30/3/95)	41.22 (2/7/32)
Home Bonds	98.52	98.36	97.97	105.61 (21/1/94)	93.56 (30/12/94)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1635.74	1655.07	1625.73	1862.29 (2/2/94)	1371.89 (13/12/94)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	187.65	187.71	187.25	227.06 (3/1/94)	173.94 (22/11/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4194.00 (4213.37) Low 4100.28 (4128.29) (Theoretical♠)
Day's high 4172.56 (4183.28) Low 4112.04 (4153.86) (Actual♠)

Standard and Poors	Mar 31	Mar 30	Mar 29	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Composite ‡	500.71	502.22	503.12	503.90 (28/3/95)	438.92 (4/4/94)	503.90 (28/3/95)	4.40 (1/6/32)
Industrials♥	596.69	596.00	599.00	599.96 (28/3/95)	510.05 (21/4/94)	599.96 (28/3/95)	3.62 (21/6/32)
Financial	46.30	46.50	46.68	46.94 (14/6/94)	39.87 (22/11/94)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	271.03	271.83	271.84	271.92 (28/3/95)	243.14 (4/4/94)	271.92 (28/3/95)	4.46 (25/4/42)
Amex Mkt Val	464.41	465.01	462.35	467.89 (2/2/94)	420.23 (13/12/94)	467.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	817.22	816.86	819.16	828.14 (28/3/95)	693.79 (24/6/94)	828.14 (28/3/95)	54.87 (31/10/72)

■ RATIOS

	Mar 24	Mar 17	Mar 10	Year ago
Dow Jones Ind. Div. Yield	2.65	2.69	2.70	2.70
	Mar 29	Mar 22	Mar 15	Year ago
S & P Ind. Div. yield	2.27	2.33	2.33	2.51
S & P Ind. P/E ratio	18.05	17.60	17.60	23.55

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Compaq	4,613,800	34⅛	-¼
Motorola	4,489,900	54⅜	-½
Barrick	3,911,900	25	+⅛
Merck	3,584,200	42⅝	+⅝
First USA	3,408,700	41⅞	+⅛
Telefonos	3,401,700	28⅛	-⅛
Gen Motors	3,369,000	44⅛	-⅛
Micron	3,335,700	76⅜	+1⅞
K Mart	3,134,800	13¾	+½
Ford Motor	3,046,700	27	-⅛

■ TRADING ACTIVITY

● Volume (million)

	Mar 31	Mar 30	Mar 29
New York SE	352.947	385.921	380.727
Amex	27.779	23.552	16.365
NASDAQ	(u)	330.074	374.386
NYSE			
Issues Traded	2,935	2,934	2,960
Rises	971	1,307	1,087
Falls	1,237	805	1,036
Unchanged	727	822	837
New Highs	70	85	119
New Lows	15	8	11

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♠ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

■ TOKYO - MOST ACTIVE STOCKS: Friday, March 31, 1995

	Stocks Traded	Closing Prices	Change on day
Tosoh	23.5m	435	-36
Nippon Steel	11.2m	335	+3
Toshiba	6.2m	589	
Hitachi	6.2m	900	+20
NEC	5.7m	929	-5
Mitsubishi Hvy	5.6m	623	+7
Sumitomo Bank	5.1m	1850	
Mitsubishi Elec	5.0m	636	+23
Matsushita	4.6m	1400	+10
Sanyo Elec	4.3m	500	+3

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CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Mar 31		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.5967	-0.1647	756 - 978	15.9384	15.5343	15.5661	1.6	15.528	1.5	-	-	107.5
Belgium	(BFr)	45.7774	-0.5268	389 - 159	46.6920	45.5920	45.8074	-0.8	45.6774	0.8	45.2674	1.1	111.2
Denmark	(DKr)	8.8379	-0.074	270 - 487	8.9538	8.7833	8.8427	-0.7	8.8485	-0.5	8.8396	0.0	110.2
Finland	(FM)	7.0013	-0.0469	911 - 114	7.1230	6.9280	-	-	-	-	-	-	86.9
France	(FFr)	7.8117	-0.0558	080 - 153	7.9026	7.7710	7.8232	-1.8	7.8394	-1.4	7.8217	-0.1	111.1
Germany	(DM)	2.2290	-0.0235	275 - 305	2.2691	2.2073	2.2268	1.7	2.2189	1.8	2.1801	2.2	114.5
Greece	(Dr)	363.793	-4.318	971 - 615	371.013	361.980	-	-	-	-	-	-	69.2
Ireland	(I£)	0.9997	-0.0001	980 - 993	1.0022	0.9945	0.9985	0.2	0.9981	0.2	0.9966	0.0	98.1
Italy	(L)	2764.24	+17.6	323 - 525	2768.04	2738.91	2774.24	-4.3	2795.74	-4.6	2878.24	-4.1	84.2
Luxembourg	(LFr)	45.7774	-0.5269	389 - 159	46.6920	45.5920	45.8074	-0.8	45.6774	0.9	45.2674	1.1	111.2
Netherlands	(Fl)	2.4918	-0.0285	902 - 933	2.5382	2.4800	2.4894	1.6	2.4806	1.8	2.4375	2.2	111.2
Norway	(NKr)	9.9878	-0.0291	823 - 933	10.1447	9.8888	9.9755	1.5	9.9527	1.4	9.852	1.4	100.4
Portugal	(Es)	235.117	-1.801	801 - 434	240.837	233.856	235.952	-4.3	237.742	-4.5	-	-	97.4
Spain	(Pta)	205.229	+0.093	003 - 455	208.885	203.004	205.709	-2.8	206.849	-3.2	211.644	-3.1	77.5
Sweden	(SKr)	12.0043	+0.0872	945 - 141	12.0182	11.8007	12.0064	-0.2	12.0106	-0.2	12.0307	-0.2	76.0
Switzerland	(SFr)	1.8841	-0.0342	327 - 354	1.8822	1.8211	1.8296	2.8	1.8197	3.1	1.7679	3.6	115.7
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	85.3
Ecu	-	1.2224	-0.006	215 - 232	1.2358	1.2179	1.2223	0.1	1.2225	0.0	1.2173	0.4	-
SDR†	-	1.03633	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6284	+0.0316	278 - 290	1.6290	1.6042	-	-	-	-	-	-	-
Brazil	(R$)	1.4611	+0.02	590 - 631	1.4631	1.4392	-	-	-	-	-	-	-
Canada	(C$)	2.2848	+0.0499	837 - 859	2.2868	2.2426	2.2861	-1.7	2.2943	-1.7	2.3472	-2.7	80.6
Mexico	(New Peso)	10.9374	+0.1037	933 - 815	10.9821	10.7375	-	-	-	-	-	-	-
USA	($)	1.6288	+0.0321	283 - 293	1.6300	1.6045	1.6285	0.2	1.6274	0.4	1.6178	0.7	89.0
Pacific/Middle East/Africa													
Australia	(A$)	2.2206	+0.0284	184 - 228	2.2230	2.2119	2.2228	-1.2	2.228	-1.3	2.2498	-1.3	79.6
Hong Kong	(HK$)	12.5942	+0.2476	885 - 999	12.6000	12.4088	12.5936	0.1	12.5945	0.0	12.5877	0.1	-
India	(Rs)	51.1688	+0.9868	286 - 089	51.2110	50.4290	-	-	-	-	-	-	-
Israel	(Shk)	4.7989	+0.0311	929 - 048	4.8056	4.7606	-	-	-	-	-	-	-
Japan	(Y)	140.728	-2.297	604 - 853	144.390	139.850	140.098	5.4	139.003	4.9	133.048	5.5	165.3
Malaysia	(M$)	4.1249	+0.0708	220 - 278	4.1280	4.0676	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.4906	+0.0328	879 - 932	2.4958	2.4805	2.4957	-2.5	2.5082	-2.5	2.5263	-1.4	96.1
Philippines	(Peso)	42.1860	+0.8314	473 - 247	42.5775	41.7754	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.1090	+0.1203	068 - 112	6.1163	6.0182	-	-	-	-	-	-	-
Singapore	(S$)	2.2994	+0.0263	979 - 009	2.3023	2.2752	-	-	-	-	-	-	-
South Africa	(R)	5.8254	+0.0776	212 - 296	5.8305	5.7737	-	-	-	-	-	-	-
South Korea	(Won)	1257.60	+27.1	705 - 815	1258.89	1235.95	-	-	-	-	-	-	-
Taiwan	(T$)	42.3444	+0.8685	277 - 610	42.3649	41.6865	-	-	-	-	-	-	-
Thailand	(Bt)	40.1499	+0.6315	213 - 785	40.1820	39.6790	-	-	-	-	-	-	-

†SDR rates per £ for Mar 30. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 31		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	9.6309	-0.2987	270 - 347	9.9221	9.6255	9.6184	1.4	9.5994	1.3	9.5059	1.3	107.8
Belgium	(BFr)	28.1050	-0.895	900 - 200	29.0100	28.0700	28.1175	-0.5	28.07	0.5	27.98	0.4	110.0
Denmark	(DKr)	5.4260	-0.1554	210 - 310	5.5780	5.4205	5.43	-0.9	5.4375	-0.8	5.4625	-0.7	108.4
Finland	(FM)	4.2984	-0.1158	935 - 033	4.4327	4.2884	4.3004	-0.6	4.3017	-0.3	4.3058	-0.2	85.2
France	(FFr)	4.7960	-0.1314	952 - 967	4.9125	4.7895	4.804	-2.0	4.8175	-1.8	4.823	-0.6	108.9
Germany	(DM)	1.3685	-0.0422	680 - 690	1.4125	1.3640	1.3668	1.5	1.3635	1.5	1.3475	1.5	112.7
Greece	(Dr)	223.350	-7.195	300 - 400	230.700	222.200	225.65	-12.4	229.6	-11.2	246.85	-10.5	67.6
Ireland	(I£)	1.6310	+0.0323	304 - 315	1.6320	1.6034	1.6315	-0.4	1.6331	-0.5	1.6418	-0.7	-
Italy	(L)	1697.10	-23.1	700 - 720	1723.50	1691.65	1703.45	-4.5	1716.1	-4.9	1780.1	-4.9	64.3
Luxembourg	(LFr)	28.1050	-0.895	900 - 200	29.0100	28.0700	28.1175	-0.5	28.07	0.5	27.98	0.4	110.0
Netherlands	(Fl)	1.5298	-0.0486	293 - 303	1.5796	1.5275	1.528	1.4	1.5242	1.5	1.5066	1.5	109.6
Norway	(NKr)	6.1320	-0.1415	305 - 335	6.3044	6.1155	6.1255	1.3	6.1157	1.1	6.0895	0.7	98.7
Portugal	(Es)	144.350	-4.03	200 - 500	149.700	144.100	144.95	-5.0	146.1	-4.8	151.4	-4.9	97.3
Spain	(Pta)	126.000	-2.475	900 - 100	128.800	125.350	126.32	-3.0	127.12	-3.6	130.875	-3.9	77.4
Sweden	(SKr)	7.3701	-0.0835	663 - 738	7.4687	7.2938	7.3843	-2.3	7.4161	-2.5	7.5851	-2.9	78.3
Switzerland	(SFr)	1.1260	-0.0441	255 - 265	1.1715	1.1230	1.1235	2.6	1.1181	2.8	1.0925	3.0	113.1
UK	(£)	1.6288	+0.0321	283 - 293	1.6300	1.6045	1.6285	0.2	1.6274	0.4	1.6178	0.7	85.2
Ecu	-	1.3326	+0.0326	320 - 330	1.3350	1.3008	1.3321	0.3	1.3315	0.3	1.329	0.3	-
SDR†	-	0.64241	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9998	-0.0003	997 - 998	0.9998	0.9996	-	-	-	-	-	-	-
Brazil	(R$)	0.8970	-0.0055	960 - 980	0.8990	0.8930	-	-	-	-	-	-	-
Canada	(C$)	1.4028	+0.0031	025 - 030	1.4040	1.3965	1.4051	-2.0	1.41	-2.0	1.4513	-3.5	80.0
Mexico	(New Peso)	6.7150	-0.07	900 - 400	6.7400	6.6700	6.7172	-0.4	6.7204	-0.3	6.7253	-0.2	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	92.2
Pacific/Middle East/Africa													
Australia	(A$)	1.3633	-0.0096	624 - 643	1.3786	1.3624	1.3651	-1.6	1.3699	-1.9	1.3945	-2.3	81.7
Hong Kong	(HK$)	7.7322	-0.0004	317 - 327	7.7330	7.7315	7.731	0.2	7.7352	-0.2	7.7707	-0.5	-
India	(Rs)	31.4150	-0.045	000 - 300	31.5100	31.4000	31.495	-3.1	31.74	-4.1	-	-	-
Israel	(Shk)	2.9463	-0.0397	435 - 490	2.9838	2.9425	-	-	-	-	-	-	-
Japan	(Y)	86.4000	-3.175	500 - 500	89.8500	86.3000	86.04	5.0	85.41	4.6	82.205	4.9	162.1
Malaysia	(M$)	2.5325	-0.0066	315 - 335	2.5375	2.5310	2.5305	0.9	2.5281	0.7	2.5225	0.4	-
New Zealand	(NZ$)	1.5291	-0.0101	279 - 302	1.5480	1.5278	1.5329	-3.0	1.5409	-3.1	1.5642	-2.3	-
Philippines	(Peso)	25.9000	-	000 - 000	26.1000	25.7000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7506	-0.0001	504 - 508	3.7506	3.7503	3.7515	-0.3	3.7536	-0.3	3.7656	-0.4	-
Singapore	(S$)	1.4117	-0.01	112 - 122	1.4211	1.4110	1.4064	4.5	1.3982	3.8	1.3717	2.8	-
South Africa	(R)	3.5765	-0.0233	750 - 780	3.6010	3.5745	3.5945	-6.0	3.6318	-6.2	3.8257	-7.0	-
South Korea	(Won)	772.100	+1.45	000 - 200	772.200	770.300	775.1	-4.7	778.6	-3.4	797.1	-3.2	-
Taiwan	(T$)	25.9973	+0.0213	950 - 995	25.9995	25.9895	26.0173	-0.9	26.0573	-0.9	-	-	-
Thailand	(Bt)	24.6500	-0.1	400 - 600	24.7450	24.6350	24.671	-1.0	24.6975	-0.8	24.785	-0.5	-

†SDR rate per $ for Mar 30. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 30. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

March 31	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	5¾	5 9/16	5 13/16	6	6¼	7.40	4.00	-
week ago	4⅞	5 7/16	6 1/16	6 5/16	6 11/16	7.40	4.50	-
France	7⅝	7⅞	7⅝	7⅝	7½	5.00	-	8.00
week ago	7 13/16	7⅝	8¼	8	7 11/16	5.00	-	8.00
Germany	4.50	4.56	4.61	4.75	5.00	6.00	4.00	4.85
week ago	4.57	4.56	5.00	5.10	5.35	6.00	4.50	4.85
Ireland	5¾	6 13/16	7 1/16	7⅛	7½	-	-	6.25
week ago	5⅜	6 13/16	7	7 3/16	7 11/16	-	-	6.25
Italy	9⅞	10⅛	11	11⅞	11¾	-	7.50	10.35
week ago	10 11/16	10⅝	11⅛	11⅝	12⅛	-	7.50	10.40
Netherlands	4.57	4.70	4.85	5.00	5.17	-	5.25	-
week ago	4.97	4.70	5.10	5.23	5.55	-	5.25	-
Switzerland	3⅝	3⅝	3 7/16	3⅝	3¾	6.625	3.00	-
week ago	3⅝	3¾	3 11/16	3 13/16	3 13/16	6.625	3.50	-
US	6 1/16	6 1/16	6 3/16	6⅜	6 11/16	-	5.25	-
week ago	5 15/16	6 1/16	6 3/16	6⅜	6 13/16	-	5.25	-
Japan	2 1/16	1 13/16	1¾	1¾	1¾	-	1.75	-
week ago	2 3/16	1 13/16	2⅛	2 1/16	2 1/16	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	6⅛	6¼	6½	6 13/16	-	-	-
week ago	-	6⅛	6¼	6 7/16	6¾	-	-	-
US Dollar CDs	-	5.92	6.07	6.24	6.56	-	-	-
week ago	-	5.92	6.04	6.23	6.57	-	-	-
SDR Linked Ds	-	4⅛	4½	4⅝	4 15/16	-	-	-
week ago	-	4⅜	4 15/16	4⅝	4 13/16	-	-	-

ECU Linked Ds mid rates: 1 mth: 6 3/16; 3 mths: 6 5/16; 6 mths: 6 11/16; 1 year: 7. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds)

EURO CURRENCY INTEREST RATES

Mar 31	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5⅜ - 5¼	5½ - 5⅜	5 9/16 - 5 7/16	5 11/16 - 5 9/16	5 15/16 - 5 13/16	6 3/16 - 6 1/16
Danish Krone	7 - 6½	7 - 6½	7¼ - 7	7¼ - 7	7⅜ - 7⅛	7½ - 7¼
D-Mark	4 13/16 - 4 11/16	4⅝ - 4½	4 11/16 - 4 9/16	4¾ - 4⅝	4⅞ - 4¾	5 1/16 - 4 15/16
Dutch Guilder	4 11/16 - 4 9/16	4 11/16 - 4 9/16	4¾ - 4⅝	4⅞ - 4¾	5 - 4⅞	5 3/16 - 5⅛
French Franc	7⅞ - 7⅝	8 - 7¾	8 - 7¾	8 - 7¾	7¾ - 7½	7½ - 7¼
Portuguese Esc.	9¾ - 9½	10⅜ - 10	10⅞ - 10½	11¼ - 11	11½ - 11⅛	11¾ - 11⅜
Spanish Peseta	8 11/16 - 8 9/16	8⅞ - 8¾	9⅛ - 9	9⅝ - 9½	10 1/16 - 9 15/16	10 11/16 - 10 9/16
Sterling	6½ - 6¼	6⅜ - 6¼	6 7/16 - 6 5/16	6¾ - 6⅝	7 1/16 - 7	7⅝ - 7½
Swiss Franc	3⅝ - 3½	3½ - 3⅜	3½ - 3⅜	3½ - 3⅜	3⅝ - 3½	3¾ - 3⅝
Can. Dollar	8 1/16 - 7⅞	8 1/16 - 7⅞	8⅛ - 8	8 3/16 - 8 1/16	8 5/16 - 8 3/16	8¼ - 8⅛
US Dollar	6⅛ - 6	6⅛ - 6	6⅛ - 6	6¼ - 6⅛	6 7/16 - 6 5/16	6¾ - 6⅝
Italian Lira	10½ - 9	10¼ - 10⅛	10½ - 10⅜	11⅛ - 11	11½ - 11⅜	11⅞ - 11¾
Yen	2 - 1 15/16	1 15/16 - 1⅞	1⅞ - 1 13/16	1 13/16 - 1¾	1 13/16 - 1¾	1 13/16 - 1¾
Asian $Sing	3⅞ - 3¾	3¼ - 3⅛	2 13/16 - 2 11/16	2 15/16 - 2 13/16	3 - 2⅞	3⅜ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.58	93.50	-0.07	93.60	93.44	115,484	524,048
Sep	93.35	93.24	-0.11	93.35	93.18	139,183	346,809
Dec	93.10	92.98	-0.13	93.10	92.88	90,805	257,896

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.07	94.06	-0.05	94.09	94.02	1,199	15,489
Sep	93.79	93.77	-0.09	93.81	93.73	1,051	10,290
Dec	93.47	93.55	-0.10	93.56	93.46	1,209	9,167

All Open interest figs. are for previous day

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994/95 High	1994/95 Low	Stock	Closing price p	+or-
80	Nil	26/4	7pm	2pm	Acorn Computer	5½pm	
28	Nil	10/4	7pm	¾pm	Beauford	¾pm	
90	Nil	11/5	44pm	25pm	Horace Small	42pm	
112	Nil	11/5	16½pm	9pm	Marley	15pm	-1
8	Nil	3/5	2¾pm	¼pm	Rhino	¼pm	
39	Nil	-	1½pm	1¼pm	Unit Group	1½pm	

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 31		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.31	17.06	4.869	2.182	6038	5.443	21.82	513.5	448.2	28.21	4.006	2.184	4.991	3.558	307.3	2.669
Denmark	(DKr)	51.80	10	8.839	2.522	1.130	3127	2.820	11.30	266.0	232.2	13.58	2.075	1.131	2.585	1.843	159.2	1.383
France	(FFr)	58.60	11.31	10	2.853	1.279	3538	3.190	12.79	300.9	262.7	15.36	2.348	1.280	2.925	2.085	180.1	1.564
Germany	(DM)	20.54	3.965	3.505	1	0.448	1240	1.118	4.481	105.5	92.06	5.384	0.823	0.449	1.025	0.731	63.12	0.548
Ireland	(I£)	45.83	8.847	7.820	2.231	1	2767	2.494	9.998	235.3	205.4	12.01	1.836	1.001	2.287	1.631	140.8	1.223
Italy	(L)	1.656	0.320	0.283	0.081	0.036	100.	0.090	0.361	8.506	7.424	0.434	0.066	0.036	0.083	0.059	5.090	0.044
Netherlands	(Fl)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	(NKr)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	(Es)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	(Pta)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	(SKr)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	(SFr)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UK	(£)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	(C$)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US	($)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	(Y)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ecu		37.46	7.232	6.393	1.824	0.818	2282	2.039	8.173	192.4	167.9	9.820	1.501	0.818	1.870	1.333	115.1	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	0.7120	0.7290	+0.0183	0.7370	0.7105	31,287	55,599
Sep	0.7250	0.7321	+0.0188	0.7410	0.7250	145	2,144
Dec	0.7353	[illegible]	+0.0181	0.7400	0.7300	2	376

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	0.8800	0.8986	+0.0267	0.8980	0.8791	16,730	28,750
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	115	2,441
Dec	[illegible]	0.9024	[illegible]	[illegible]	[illegible]	4	156

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	1.1268	1.1657	+0.0392	1.1697	1.1240	21,870	56,446
Sep	1.1450	1.1799	+0.0403	1.1860	1.1395	121	2,549
Dec	-	1.1950	+0.0405	1.1940	1.1870	12	371

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	1.6018	1.6200	+0.0208	1.6316	1.6018	6,177	23,315
Sep	1.6140	1.6176	+0.0206	1.6300	1.6070	24	170
Dec	-	1.6146	+0.0212	1.6250	-	2	10

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.525	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.575	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.625	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.650	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Previous day's vol., Calls [illegible] Puts [illegible]. Prev. day's open int., Calls [illegible] Puts [illegible]

■ Pound in New York

Mar 31	Close	Prev. close
£ spot	1.6220	1.6040
1 mth	1.6217	1.6038
3 mth	1.6207	1.6028
1 yr	1.6110	1.5930

FT GUIDE to WORLD CURRENCIES
The FT Guide to World Currencies table can be found on the Emerging Markets page in today's edition.

UK INTEREST RATES

LONDON MONEY RATES

Mar 31	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 5/16 - 4¾	6⅜ - 6⅛	6⅜ - 6¼	6¾ - 6⅝	7⅛ - 7	7 11/16 - 7 9/16
Sterling CDs	-	-	6½ - 6¼	6⅝ - 6½	7 - 6 15/16	7½ - 7⅜
Treasury Bills	-	-	6⅛ - 6 1/16	6¼ - 6⅛	-	-
Bank Bills	-	-	6⅛ - 6 1/16	6⅜ - 6¼	6 13/16 - 6 11/16	-
Local authority deps.	6 1/16 - 5 15/16	6 3/16 - 6 1/16	6 3/16 - 6 1/16	6⅝ - 6½	6 15/16 - 6 13/16	7 7/16 - 7 5/16
Discount Market deps	6½ - 5	6 5/16 - 6 3/16	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¼	5¾	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc.
Ave. tender rate of discount 6.1134pc. ECGD fixed rate Stg. Export Finance. Make up day Mar 31, 1995. Agreed rate for period Apr 26, 1995 to May 25, 1995, Schemes II & III 7.98pc. Reference rate for period Mar 1, 1995 to Mar 31, 1995, Schemes IV & V 6.713pc. Finance House Base Rate 7pc from Mar 1, 1995

BANK OF ENGLAND TREASURY BILL TENDER

	Mar 31	Mar 24		Mar 31	Mar 24
Bills on offer	£900m	£900m	Top accepted rate	6.1168%	6.1168%
Total of applications	£3029m	£2900m	Ave. rate of discount	6.1134%	6.0805%
Total allocated	£700m	£700m	Average yield	6.2080	6.1741%
Min. accepted bid	£98.475	£98.475	Offer at next tender	£900m	£900m
Allotment at min. level	85%	58%	Min. accept. bid 182 days	-	-

BANK RETURN

BANKING DEPARTMENT	Wednesday 29 March 1995 £	Increase or decrease for week £
Liabilities		
Capital	14,553,000	
Public deposits	1,143,110,419	+147,102,354
Bankers deposits	1,706,451,797	-216,695,280
Reserve and other accounts	3,213,692,753	-365,047,599
	6,077,807,969	-434,640,525
Assets		
Government securities	1,179,286,456	-221,785,000
Advance and other accounts	1,734,355,505	-2,704,997,585
Premises, equipment and other secs	3,159,185,195	+2,491,629,224
Notes	4,800,348	+507,508
Coin	188,364	+5,328
	6,077,807,969	-434,640,525
ISSUE DEPARTMENT		
Liabilities		
Notes in circulation	18,385,199,652	+89,492,492
Notes in Banking Department	4,800,348	507,508
	18,390,000,000	+90,000,000
Assets		
Other Government securities	16,644,496,057	+2,940,492,524
Other Securities	1,745,503,943	-2,850,492,524
	18,390,000,000	+90,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	*Roxburghe Guarantee Corporation Ltd is no longer authorised as a banking institution.	10
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.50	Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williamson Secs	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	●United Bk of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75		
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75		
Citibank NA	6.75	●Leopold Joseph & Sons	6.75		
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	* Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWest	6.75		
		●Rea Brothers	6.75		

● Members of London Investment Banking Association
* In administration

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

■ "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Weekly percentage changes are calculated on a Friday to Friday basis.

STOCK INDICES

	Mar 31	Mar 30	Mar 29	Mar 28	Mar 27	1994/95 High	1994/95 Low	Since comp. High	Since comp. Low
FT-SE 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250 ex Inv Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE SmallCap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE SmallCap ex Inv Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A All-Share	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A Fledgling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A Fledgling ex Inv Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Eurotrack 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Eurotrack 200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT Ordinary	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT Govt Securities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT Fixed Interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT Gold Mines	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT GOLD MINES INDEX

	Mar 31	% chg since 30/12/94	Mar 30	Mkt Cap $bn	% of Gold Mines	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1828.82	-2.3	1885.85	47.77	100.00	2.21	2337.90	1637.91
■ Regional Indices								
Africa (16)	2728.86	-14.5	2567.60	14.49	30.34	5.02	3711.87	2304.45
Australasia (7)	2112.78	-13.9	1992.85	5.42	11.36	1.99	2951.49	1786.20
North America (11)	1675.16	+8.5	1649.96	27.85	58.30	0.78	1911.21	1348.18

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994/95 High	1994/95 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
150	F.P.	514.1	167	154	Albright & Wilson	164	+½	R6.0	1.5	4.6	18.2
-	F.P.	18.4	201	175	Beale	180		H5.9	-	4.1	-
-	F.P.	36.5	161	123	Colleagues	161	+6	-	-	-	-
§128	F.P.	15.6	135	130	Dailywin	130		Rv6.0	2.2	5.8	6.8
§130	F.P.	45.7	138	136	Datrontech	136		-	-	-	15.6
175	F.P.	-	178	174	Expro Intl	175	+½	Wv6.0	3.3	-	-
100	F.P.	29.9	101	99½	Geared Inc Inv C	99½	-½	-	-	-	-
§135	F.P.	15.6	138	116	Golden Rose	116	-1	-	-	-	-
100	F.P.	161.6	101	95	HTR Inc Gth Sp Inc	101		-	-	-	-
100	F.P.	94.5	105	102	Do. Zero Div Pf	105		-	-	-	-
-	F.P.	9.40	20	17	Inv Cap Warrants	19		-	-	-	-
-	F.P.	21.8	67	63	Inv Tst of Inv Tsts	64		-	-	-	-
-	F.P.	2.91	59	55	Do. Warrants	56		-	-	-	-
-	F.P.	0.36	5	3	Melrose Warrants	3½		-	-	-	-
100	F.P.	23.8	96	90	Montanaro UK Sm	95		-	-	-	-
-	F.P.	2.15	48	43	Do. Warrants	43		-	-	-	-
476	170	6,025.4	193	158½	*Natl Power (P/P)	164	+2½	F15.45	2.8	4.1	12.9
90	F.P.	17.5	92	90	PTS	92		L3.6	1.9	4.9	13.3
512	185	4,011.3	206	179½	*PowerGen (P/P)	184		F15.0	3.2	3.7	11.0
-	F.P.	81.7	517	493	Schroder I G Uts	516		-	-	-	-
100	F.P.	22.6	97	95	Scott Or Smir Cos	95½	+½	-	-	-	-
-	F.P.	1.94	42	39	Do. Warrants	41	+1	-	-	-	-
50	F.P.	3.26	50	42	Superframe	42		Rv2.0	1.6	6.0	10.3
-	F.P.	0.04	8	6	Do. Warrants	6		-	-	-	-
-	F.P.	24.5	103	100	Throg Dl Zero Pf	103		-	-	-	-
145	F.P.	63.4	183	170	Zotefoams	175		Wv4.65	2.1	3.3	17.7

* Note: Issue price 10p higher for institutional and overseas investors.

FT MANAGED FUNDS SERVICE

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

	Init Chrge	Notes	Selling Price	Buying Price	Yield Gr's	City-Line

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda
UK Prof Advisers 0800 414181 Jersey 01534 71696
Private Clients 0800 414161 00 352 25040430
From O'seas (44) 1732 777377 Hong Kong (852) 848 1000

A$ Accum			A$17.417		8.40	[illegible]
A$ Dist			A$15.157		8.40	[illegible]
ASch Accum			Sch[illegible]		3.70	[illegible]
ASch Dist			Sch207.17		3.70	[illegible]
BFr Accum			BFr[illegible]		5.20	[illegible]
BFr Dist			BFr[illegible]		5.20	[illegible]
C$ Accum			C$17.412		7.10	[illegible]
C$ Dist			C$15.182		7.10	[illegible]
DKr Accum			DKr108.18		8.00	[illegible]
DKr Dist			DKr100.80		8.00	[illegible]
DM Accum			DM[illegible]		3.80	[illegible]
DM Dist			DM[illegible]		3.80	[illegible]
Dfl Accum			Dfl[illegible]		3.80	[illegible]
Dfl Dist			Dfl25.161		3.90	[illegible]
ECU Accum			Ecu12.678		5.50	[illegible]
ECU Dist			Ecu10.082		5.50	[illegible]
FM Accum			[illegible]		3.30	[illegible]
FM Dist			[illegible]		3.30	[illegible]
FFr Accum			FFr63.014		6.20	[illegible]
FFr Dist			FFr50.423		6.20	[illegible]
HK$ Accum			HK$112.22		5.80	[illegible]
HK$ Dist			HK$100.95		5.80	[illegible]
Ir£ Accum			[illegible]		4.50	[illegible]
Ir£ Dist			[illegible]		4.50	[illegible]
Lira Accum			L[illegible]		9.10	[illegible]
Lira Dist			L[illegible]		9.10	[illegible]
NZ$ Accum			[illegible]		7.80	[illegible]
NZ$ Dist			[illegible]		7.80	[illegible]
NKr Accum			NKr108.24		3.90	[illegible]
NKr Dist			NKr100.65		3.90	[illegible]

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.

Saracen Funds Mngmt (Guernsey) Ltd
PO Box 246, St Peter Port, Guernsey 01481 723021

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey 01481 710651

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

Apollo Investment Management Ltd

Arab Bank Fund Managers (Guernsey) Ltd

Bachmann Global Investment Fund Ltd

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

GT Asset Management (Ireland) Ltd
(44) 171 710 4567 London (852) 842 7200 Hong Kong

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

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FT MANAGED FUNDS SERVICE

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Credis Investment Funds

Merrill Lynch Asset Management - Contd.

Albany International Assurance Ltd

Royal Skandia Life Assurance Ltd (z)

CDC International

Global Asset Management - Contd.

Man International Futures - Contd.

Sabre Futures Fund

Schroder Investment Management Limited

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Barings 8pc Cm 2nd Prf.		58½	——	8%	—	Jan Dec	14.11	1757
9¼pc Non-Cum Prf.		44½	——	9¼%	—	Jan Jul	14.11	1421
Cater Allen	♣†□	459	——	28.3	1.6	Jan Jul	12.12	2081
Close Bros	♣†□	258xd	2.4	7.9	2.9	Apr Oct	13.3	2106
Gerrard & Nat	♣†□	416	-.7	24.8	1.3	Jul Dec	7.11	2686
Hambros	□	213	-.5	15.0	1.1	Aug Dec	28.11	2812
7½pc Cv Pf		98½xd	1.6	7½%	—	Oct Apr	20.2	4388
Joseph (L)	♣†	383	——	17.85	1.9	Sep Dec	5.12	3060
King & Shaxson	♣	91	4.6	9.0	1.1	Jan Jul	19.12	3088
Kleinwort Benson	♣q□	647xd	-.8	21.5	2.1	May Oct	27.2	3102
Rea Bros	♣†□	58	——	0.85	3.2	May Oct	20.8	3785
Schroders	♣q□	1325xd	0.8	20.5	5.0	May Oct	27.3	3939
N/V	q	1348xd	0.1	20.5	5.9	May Oct	27.3	3941
Singer & Fried	♣□	82	-.6	3.5	ϕ	Nov Jun	19.9	4026
Union	♣□	878xd	6.1	3.0	ϕ	Apr Oct	13.3	4353
Warburg (SG)	♣□	717	-1.6	22.0	2.4	Jul Dec	14.11	4425
Wintrust	♣†	240xd	——	10.6	1.5	Oct Mar	20.2	4524

BANKS, RETAIL

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

INVESTMENT COMPANIES - Cont.

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL EXPLORATION & PRODUCTION - Cont.

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

[illegible]

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
Φ Figures or report awaited
♥ Rule 2.1(a)(iv) Overseas Incorporated companies listed on an approved exchange.
‡ Free annual/interim report available, see details below
✣ USM: not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Rule 4.2(a) Irish incorporated non-listed companies.
‡ Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress
§ Forecast dividend; cover based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Not subject to ACT. z Dividend includes a special payment: Cover does not apply to special payment. F Dividend based on prospectus or other official estimates for 1994-95. G Assumed dividend after pending scrip and/ or rights issue. H Dividend based on prospectus or other official estimates for 1995. K Dividend based on prospectus or other official estimates for 1994 L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1995-96. N Figures based on IIMR "Headline Earnings" P Figures based on prospectus or other official estimates for 1994. Q Gross. R Forecast annualised dividend, cover based on prospectus or other offical estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service: Additions: MCIT S Inc, Do Cap (Inv Tst Split Cap). Deletions: Nthn Leis Cnv Deb 96/01 (Leis & Hotels), Natl Home Lns Prf (Other Finl), Holmes Protection (Support Svs).

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ‡ . Please quote the code FT7564. Ring 0181-770 0770 (open 24 hours including weekends) or Fax 0181-770 3822. If calling from outside the UK, ring +44 181 770 0770 or fax +44 181 770 3822. *Reports will be sent the next working day, subject to availability.*

FT Cityline

For up-to-the-second share prices call FT Cityline on 0336 43 or 0891 43 followed by the four-digit code listed after the share price. Calls charged at 39p per minute cheap rate and 49p per minute at all other times.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 0171-873 4378 (+44 171 873 4378, International) for more information on FT Cityline.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close March 31

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
14¼	12¼	AAR	0.48	4.0	20	135	12¼	d12⅛	12⅛	-⅛
23⅛	18¼	ALPharmaA	0.18	0.8	285	353	22⅞	22¼	22⅞	+⅛
38¼	35	AMP	0.92	2.6	20	5110	36½	35⅝	36	-⅝
65⅞	53⅜	AMR			28	9074	65⅜	64⅛	64¾	-1
47⅞	41⅞	ASA	1.71	3.7	30	2160	47¾	46½	46⅝	-⅛
36⅜	30¾	AbbotL	0.84	2.4	19	14007	36⅛	35⅝	35⅝	-⅞
14½	12	AbitibiPr	0.50	3.8	19	1104	14⅛	13⅞	14	-⅛
24⅜	22	ABM Ind	0.60	2.6	13	165	22¾	22½	22¾	+¼
16⅝	14¼	Acpincoln			8	240	14⅞	14½	14⅞	+¼
25⅞	21⅞	ACE Ltd	0.44	1.7	8	71	25¾	25	25¼	-½
9¾	8⅛	ACM Gvl In x	0.90	11.1	7	382	8¼	d8⅛	8⅛	
7½	6½	ACM GrOpp x	0.66	9.8		144	6¾	6⅝	6¾	-⅛
7½	5¾	ACM Gvt Sp x	0.75	12.0		469	6¼	6⅛	6¼	+⅛
8⅝	7⅜	ACM Gvt Se x	0.90	12.2		403	7⅜	d7¼	7⅜	
8½	7⅝	ACM Man x	1.08	13.7		130	7⅞	7¾	7⅞	
7⅝	7⅛	ACM Managd	0.72	10.1		136	7¼	d7⅛	7⅛	
17	10¼	AcmeClv	0.48	3.0	9	751	16¾	15¾	16	
21½	12⅜	Acme Elect			21	149	19	18½	18⅞	-⅛
34½	31⅜	Acordia	0.72	2.2	15	79	32½	32⅜	32½	+⅜
11⅜	8⅝	Actava	0.36	3.7	7	236	9¾	9½	9⅝	+⅛
16¾	11⅝	Acuson			18	537	11⅝	d11⅜	11⅜	-¼
16⅝	15⅝	Adams Expr	0.36	2.2	0	213	16¼	16⅛	16⅛	-⅛
68½	53	Ad Micro	3.00	4.5		66	68	66	66	
35⅞	25	AdvMic	3.00	8.9	11	15166	34¼	32¼	33⅞	-⅜
6⅜	5	Advest Grp	0.16	2.8	28	20	5¾	5⅝	5¾	
20¼	16½	Advo Inc	0.10	0.5	16	460	20⅛	19⅞	19⅞	-⅜
70⅞	63⅞	Aegon ADR	1.47	2.1	14	54	u71¾	70½	71½	+1⅜
4⅛	3⅜	Aerflx			5	30	4	3⅞	4	
57¼	46¾	AetnaL	2.76	4.8	13	3431	57	56⅝	57	+⅛
42¾	31⅞	Aflac	0.48	1.1	14	2704	41½	40	40⅜	-⅜
18⅝	16	Ahmanson	0.88	4.9	10	1645	18⅛	17¾	18	
[illegible]										

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

- S -

[illegible]

Continued on next page

4 pm close March 31

NYSE COMPOSITE PRICES

Continued from previous page

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1995. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4 pm close March 31

NASDAQ NATIONAL MARKET

4 pm close March 31

FT GUIDE TO THE WEEK

MONDAY 3

Turkish-German talks

Erdal Inönü, Turkey's foreign minister, begins a two-day visit to Bonn as part of a diplomatic offensive to counter western criticism of the Turkish army's two week-old incursion into northern Iraq. Germany, traditionally Turkey's closest ally in Europe, is the operation's most vocal opponent.

Talks on fish

Jacques Santer, president of the EU Commission, is expected to meet Emma Bonino, EU commissioner for fisheries, and Sir Leon Brittan, the EU's chief trade negotiator, to review progress in the talks on Canadian and Spanish fishing rights.

Major in Washington

John Major, the UK prime minister, on a trip to Washington to try to patch up the Anglo-American "special relationship" following the recent US visit of Sinn Féin leader Gerry Adams, holds talks with Warren Christopher, US secretary of state, and Alan Greenspan, Federal Reserve chairman. Tomorrow, he meets President Bill Clinton.

Europa rules the air waves

EU culture and communications ministers meet in Luxembourg to consider proposals from the Commission on protecting European airwaves from US domination.

Suharto visits Germany

President Suharto of Indonesia leads a high-level delegation on a five-day visit to Germany. He joins Chancellor Helmut Kohl to open the world's largest industrial fair in Hanover, where Indonesia is the so-called partner country. During talks in Bonn, foreign minister Klaus Kinkel is expected to raise the question of human rights in East Timor, but the visit will focus on closer economic ties.

European Parliament

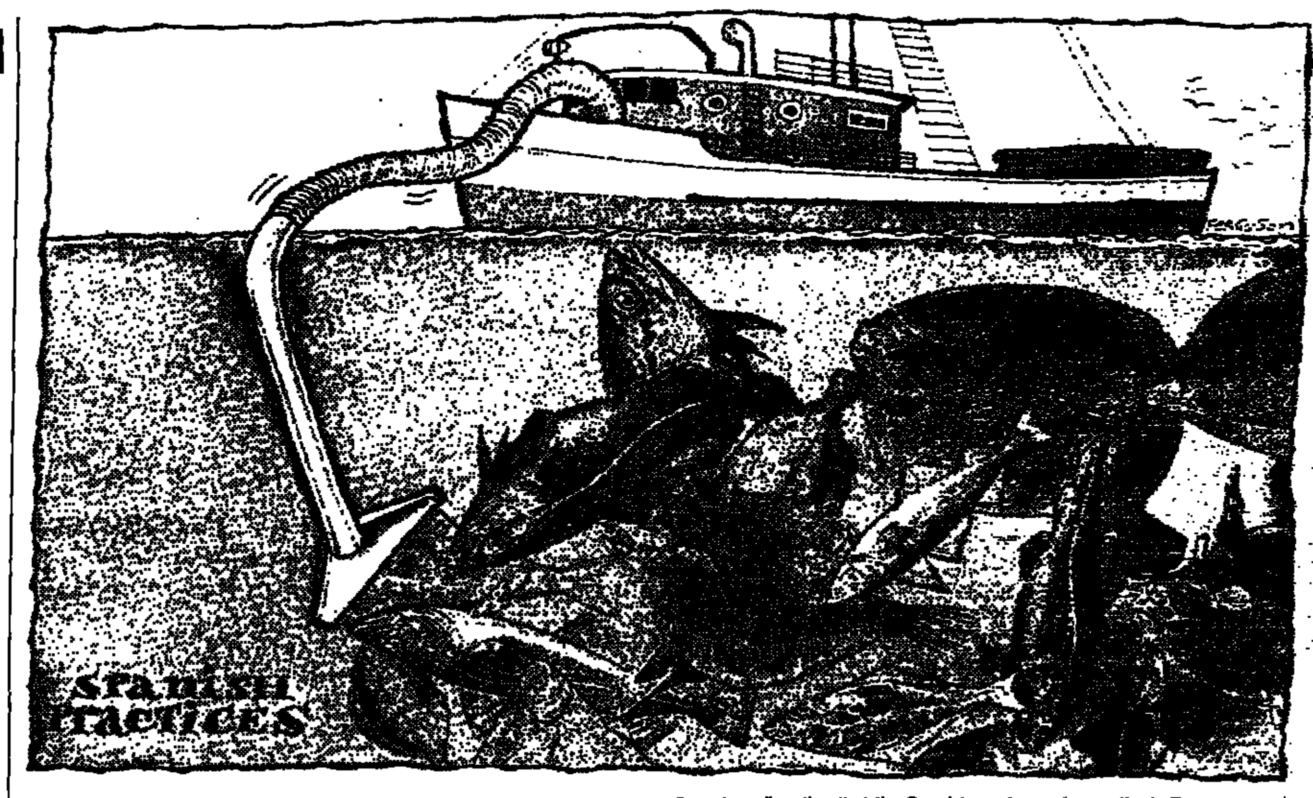
A week-long plenary session begins in Strasbourg.

Job in a bottle

A very Gallic departure in direct marketing kicks off with the launch of a campaign in which 1m wine bottles from the Tarn and Garonne region will carry stickers with details of 1,000 unemployed young French people, including their work experience, the job they would like and their phone number.

Change to UK courts service

The Court Service, until now a branch of the civil service that administers courts in England and Wales, is granted a degree of autonomy as an executive agency, as part of the UK government's "next steps" initiative aimed at boosting efficiency.



Making waves: negotiators poised for a high-level review of progress in talks on Canada's allegation that the Spanish are hoovering up the halibut

TUESDAY 4

EMI due to report

The European Monetary Institute, the Frankfurt-based forerunner of the planned European Union central bank, produces its first annual report, on progress towards economic convergence and its preparations for monetary union.

French election campaign

Presidential contenders have until midnight tonight to file their candidacies. The list of eligible candidates will be published on Friday, the start of the "official" campaign. The first round is on April 23, and the final run-off on May 7.

Carlsson visits Baltics

Swedish prime minister Ingvar Carlsson begins a three-day visit to the Baltic states. The trip, at a time of increasing trade ties, will focus on co-operation and prospects for bringing the Baltics into the European Union.

Latin American development

Finance officials and emerging market bankers from Latin America and elsewhere gather in Jerusalem for the annual meeting of the InterAmerican Development Bank. Discussion will focus on the fall-out from Mexico's crisis. Israel is a member of the bank, which meets every other year outside the Americas.

Slovak leader in Ukraine

Mr Vladimir Meciar, the Slovak prime minister, begins a two day summit in Ukraine. The trip is the first by a Slovak leader to the independent former Soviet republic. Slovak leaders are eager to exploit its large market for consumer goods.

FT Surveys

Galicia and A-Z of Executive Education.

Holidays

Taiwan.

WEDNESDAY 5

Bhutto visits the US

Pakistan's prime minister Benazir Bhutto arrives in Washington on the first official visit to the US by a Pakistan prime minister in almost five years (to April 14). Close allies during the cold war, the two countries drifted apart after Washington's decision to cut off military and economic aid in 1990 amid concern that Pakistan was producing nuclear weapons.

Eastward-ho!

Günter Rexrodt, the German economics minister, begins an 11-day tour of Vietnam, Malaysia and Indonesia. He is the latest in a succession of German ministers to pitch for business in the region. An Australian parliamentary delegation also begins a seven-day visit to Vietnam. The group was to visit last year, but the trip was cancelled after a member made comments about human rights.

Japanese trade policy

The World Trade Organisation publishes a surprisingly positive report on Japanese trade policy which looks set to provoke a lively debate. Only last week Mickey Kantor, US trade representative, described the Japanese economy as "closed".

Holidays

Australia (Victoria only), Hong Kong, Macau, South Korea, Taiwan.

FT Surveys

Isle of Man and FT Review of Information Technology.

THURSDAY 6

Talks on Macedonia

Greece and Macedonia are due to start direct talks in New York under United Nations auspices on an agreement requiring Greece to lift its 13-month trade blockade of the former Yugoslav republic in return for a Macedonian commitment to changing the emblem (above) on its flag – borrowed from ancient Greece – and dropping any claim on the Greek province of Macedonia. The four-year quarrel over Macedonia's name and flag has damaged both countries' economies and undermined political stability in the southern Balkans.

Strasbourg and the Kurds

The European Parliament session in Strasbourg will debate Turkey's incursion into northern Iraq. Officials warn that the action, taken against Kurdish groups, could jeopardise the parliament's ratification of a customs union agreement between Turkey and the EU later in the year.

Scottish local elections

Today's vote is the first full test of voter intentions in Scotland since the UK's 1992 general election. The newly elected councillors will establish the 29 councils that will replace the existing two-tier system of local authorities from April 1 next year.

Labour is expected to continue its domination of the country's local council map. The Conservative Party, which is trailing badly in the opinion polls, is not expected to win more than three councils.

UK tax year begins

The new tax year begins in the UK and various tax changes implemented in previous Budgets take effect. The Institute of Fiscal Studies estimates that the average family will be £1.88 a week worse off in the coming tax year as a result of increases in indirect taxation and restriction of tax allowances.

FT Survey

Slovenia.

Horse racing

The Grand National, one of the premier events in the UK racing calendar, will be held at the Aintree course, Liverpool.

Holidays

Ethiopia, South Africa (Founders Day), Thailand.

FRIDAY 7

US Congress to adjourn

The US Congress is scheduled for adjournment. Newt Gingrich, house speaker, plans a nationwide address on the achievements of the first 100 days of the Republican Congress, and the aims of the second 100 days.

Belgian parliament rises

Belgium's parliament is due to be dissolved, ahead of the May 21 general election.

US economy

US employment figures are expected to show a slowdown in non-farm employment growth in March after February's surprise 318,000 jump.

Liechtenstein referendum

Liechtenstein's 14,000 adult citizens are expected in a referendum this weekend to ratify agreements made between their Alpine mini-state, Switzerland, and the European Union. The deals enable Liechtenstein to join the European Economic Area and maintain its customs union with Switzerland, a non-EEA member.

Commons recess

The UK House of Commons rises for the Easter recess.

Saleroom

Sotheby's New York auctions of photographs, started 20 years ago, have proved a spectacular success, with the value of prints by star names such as Edward Weston, Man Ray and Alfred Stieglitz regularly topping $100,000. Today and tomorrow a big sale includes photographs by these and other great photographers. Christie's comparable auction takes place on Wednesday and Thursday.

FT Survey

Investing in Pakistan.

Holidays

Armenia.

SATURDAY 8

Icelandic general election

Iceland's prime minister David Oddsson is odds on to win, with polls suggesting his centrist Independence Party will strengthen its position as the largest in the Allthing (parliament).

Clarifying relations with an expanding EU is the chief challenge facing the country. However, a majority of Icelanders oppose membership, mainly because of the fear of the country losing control over its vital fishing industry.

Zimbabwe votes

President Robert Mugabe's ruling Zanu-PF party, which has 147 of the 150 seats in the current parliament, is expected to retain power against a weak and divided opposition in the general election taking place today and tomorrow.

FT Survey

Eating out in Paris (UK editions only).

SUNDAY 9

Peru at the polls

Peruvians vote in presidential and congressional elections, with incumbent head of state Alberto Fujimori expected to romp home ahead of his nearest rival, likely to be Javier Perez de Cuellar, the former United Nations secretary general. Despite his authoritarian style, Mr Fujimori has benefited from rapid economic growth and the big advances made against terrorism. A recent border war with Ecuador has also helped to bolster his popularity.

Local elections in Japan

Japan's nine-month old coalition government faces its biggest electoral test so far when voters go to the polls to select the governors of Tokyo and 12 other prefectures, including Tokyo, Osaka and Hokkaido, as well as assembly members in 44 prefectural assemblies.

Motor racing

The Argentine Grand Prix is run at Buenos Aires.

Compiled by Patrick Stiles and Carol Major. Fax: (+44) (0)171 873 3194.

ECONOMIC DIARY

Other economic news

Monday: Purchasing managers' reports in the UK and US kick off a busy week for statistics on both sides of the Atlantic.

The UK purchasing managers' index for March will be closely watched for signs of inflationary pressures in manufacturing industry, while analysts will search for indications of a slowdown in US output growth.

Tuesday: Growing inflationary pressures in Italy are expected to feed through into faster year-on-year growth of consumer prices in March.

Wednesday: Kenneth Clarke, UK Chancellor, and Mr Eddie George, Bank of England governor, meet to discuss monetary policy amid waning expectations of an interest rate rise following last week's Bundesbank rate cuts and Mr George's description of sterling's recent weakness as a "wobble".

Thursday: March figures are expected to reveal a modest decline in German unemployment. British manufacturing output and industrial production figures for February should show some recovery after January's falls. But year-on-year growth rates are expected to dip below last year's levels.

Statistics to be released this week

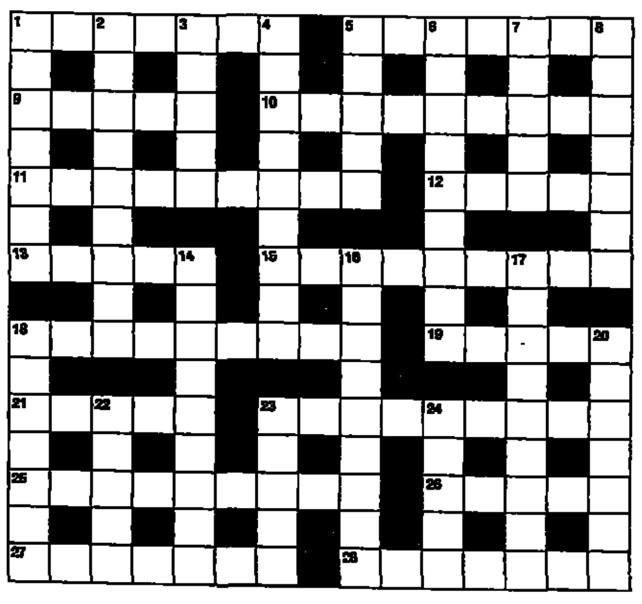
Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	US	Feb personal income	-	0.9%
April 3	US	Feb pers consumption expenditure	-	0.4%
	US	Mar Assn of Purchasing Managers	53.5%	54.5%
	US	Mar domestic auto sales	6.9m	6.8m
	US	Mar domestic light truck sales	5.9m	5.9m
	Japan	Mar auto sales**	-	14.1%
	Japan	Mar forex reserves*	-	1.7%
	Japan	Bank of Japan corp services prices**	-	-1.5%
	Japan	Bank of Japan corp services prices*	-	-0.3%
	UK	Mar M0*	-	0.5%
	UK	Mar M0**	-	6.2%
Tues	US	Feb construction spending	-0.4%	-0.2%
April 4	Japan	Mar trade balance, 1st 20 days	-	$7.2bn
	UK	Mar official reserves*	-$50m	-$18m
	UK	Feb housing starts,3-month/3month	-	-10.8%
	Italy	Mar official consumer price indx**	4.9%	4.3%
Wed	US	Feb leading indicators	-0.1%	0.0%
April 5	US	Feb wholesale trade	-	-1.1%
	Japan	Feb current a/c, IMF	-	$12.1bn
	Japan	Feb trade balance, IMF	-	13.1bn
	Japan	Feb foreign bond investment	-	-$0.4bn
Thur	US	Feb home completions	-	1.41m
April 6	Germany	Mar unemployment, West†	-8,600	-9,000
	Germany	Mar vacances, West	10,000	8,000
	Germany	Mar short-time, West	-10,000	22,000
	Germany	Mar unemployment, East	-30,000	-2,000
	UK	Feb manufacturing output*	0.6%	-0.6%
	UK	Feb manufacturing output**	3.2%	4.3%
	UK	Feb industrial production*	0.6%	-0.5%
Fri	US	Mar non-farm payrolls	225,000	318,000
April 7	US	Mar manufacturing payrolls	20,000	27,000
	US	Mar hourly earnings	0.2%	0.0%
	US	Mar average workweek	-	34.5
	US	Mar unemployment rate	5.4%	5.4%
	US	Feb consumer credit	6.5%	$7.6bn
	France	Jan industrial production*†	0.5%	0.8%
	France	Jan manufacturing production*†	0.4%	0.9%
	Italy	Jan EU trade balance	L0.6Tr	-L0.2Tr
During the week...				
	Germany	Feb import prices*	0.1%	0.5%
	Germany	Feb import prices**	2%	2.2%
	Germany	Jan trade balance	DM7bn	DM6.2bn
	Germany	Jan current a/c	-DM3.8bn	-DM7.3bn
	Germany	Mar final cost of living*	-	0.4%
	Germany	Mar final cost of living**	-	2.4%
	France	Feb M3*†	0.2%	-0.2%
	Italy	Feb M2, 3-month average**	3.2%	1.2%

*month on month, **year on year, †seasonally adjusted *Statistics, courtesy MMS International.*

MONDAY PRIZE CROSSWORD
No.8,727 Set by VIXEN

ACROSS
1 A plug for organised sport, including fitness training (7)
5 Such craft will work (7)
9 Standing to attention before the court (5)
10 Top quality, but start deteriorating in the heat (9)
11 The deputy head is to rush pay (9)
12 Put in order for a large stove (5)
13 Quite proper, though blue (5)
15 The replacement of western woodland (3,6)
18 Foreigners getting their heads together can cause talk! (4-1-4)
19 Made a record and celebrated (5)
21 About a thousand, it appears, relax (5)
23 One part is converted to give encouragement (9)
25 Confidence man's profession? (9)
26 Active, so needs a drink about four (5)
27 Catch putting French in the gin (7)
28 Keeping the Latin Quarter in view is an artful trick (7)

DOWN
1 Extravagant poetry writer? (7)
2 To sound regretful in public could be a blunder (9)
3 Quietly longing for somewhere to play (5)
4 The judge should accept a point many mention (9)
5 A bit of a miser generally, and that's material (5)
6 Taking no fare – not this time anyway (9)
7 Field some servicemen become proficient in (5)
8 Now despatched beforehand? (7)
14 A tart trio employed in a restaurant (9)
16 They'll struggle to overcome the opposition (9)
17 Involving possibly ten in a bad way (9)
18 Offering a suggestion about the queen's residences (7)
20 At bottom find running water a nuisance (7)
22 Make a request in writing for hides (5)
23 Imprison an engineer forging coinage (5)
24 Love speed, and so speak out (5)



A prize of a Pelikan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday April 13, marked Monday Crossword 8,727 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Tuesday April 18. Please allow 21 days for delivery of prizes.

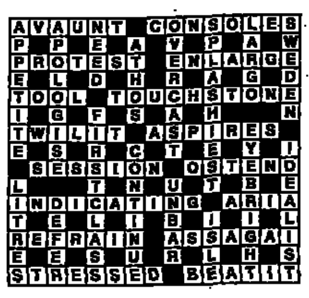
Name..

Address...

Winners 8,715

Deborah Raymond, London SW19
B. and J. Hawkes, Hannington Wick, Wiltshire
A.D. Hughes, Buckland Monachorum, Devon
Mrs G. Revein, Chicago, Illinois, USA
R. Stainer, London EC2
J. Tilley, London SE10

Solution 8,715



JOTTER PAD